



## LOMBARD

# Economic test for Desai

BY DAVID HOUSEGO

MR. MORARJI DESAI, the Indian Prime Minister, moved fast to pull down the legal and administrative scaffolding behind Mrs. Gandhi's authoritarian rule. But he still seems at a loss on how to handle the popular expectations aroused by the Janata Party's victory in the elections in March.

Major industries throughout the country are now in the throes of a wave of strikes as workers try to make good the climb close to a record \$4bn. loss in real earnings over the last two years. Wages were frozen during the 19 months of the emergency while inflation climbed to about 15 per cent for the fiscal year 1976-77.

Worst affected has been the industrial belt around Bombay, the centre of many of India's most dynamic companies. Substantial wage increases now and the reinstatement of bonus payments in even loss-making firms would lead inevitably to further price rises.

Industrialists have been bemused by the unexpected appointment of this month of Mr. George Fernandes, the Socialist and trade union leader, as Minister of Industry, in place of the Right-wing Mr. Brijlal Varma. A generous interpretation of the shift is that it was an astute move by Mr. Desai to quell labour unrest. But it is more likely to have been the result of a jockeying for power between the rival factions that make up the Janata party.

His appointment comes on top of a Budget whose strategy equally seems to have been mostly dictated by the priority of reconciling different factions in the party.

## Stockpiling

Mr. Desai, with some justification, lays the blame on Mrs. Gandhi for his economic troubles—though he was once her Minister for Finance. The Nehru family's delight in heavy industry coupled with some ill-conceived allocation of private investment has landed India with a lopsided industrial structure in which demand falls well short of available capacity.

Industrial output rose at a niggardly 3 per cent a year during the Indira decade, or well below the rate of most developing countries. The 10 per cent spurt last year was largely the result of involuntary stockpiling.

Parallel with the poor industrial performance has been an equally disappointing record in agriculture where on an historical trend, output has just about kept pace with the 2 per cent growth in population. There is increasing evidence that a large proportion of those on the land

are poorer in real terms than they were 15 years ago. Unemployment has risen to 11m, according to the official register and double that if recent Government statements are to be believed. Little wonder at the slack in demand for industrial goods.

On the credit side, the legacy of Mrs. Gandhi's rule is that the foreign exchange reserves have climbed close to a record \$4bn. and that the stockpile of grain is also at an all-time high of 20m. tonnes. This means that for the first time since independence India is freed from the constraints of shortages of foreign exchange or the threat of famine. It is a unique opportunity which Mr. Desai is in danger of letting slip.

## Rural jobs

In his policy statements Mr. Desai has put the emphasis where it should be. He has given first priority to creating jobs on the land or in rural industries—which is a step toward diminishing the demoralising impact of such massive unemployment while stimulating demand for industrial goods by raising incomes. He has also promised increasing investment in agriculture both to tap this main source of rural wealth and to make more food available in a country where malnutrition is a prime reason for low productivity.

Development outlays under the plan have been increased this year by 27 per cent and there is some shift towards higher expenditure on agriculture. The foreign exchange reserves are being used to increase imports and hence investment in an effort to revive economic activity.

But Mr. Desai is up against a bureaucracy which has a long history of penny-pinching and will take a long time to gear itself up to a faster rate of spending. There is little sign that the 60 per cent increase in imports implied in the draw down on the foreign exchange reserves will be achieved. Too many entrepreneurs stand to lose the profits that come from shortages of supplies and industry is nervous at a flood of competitive goods at a flood of undercut in price by highly protected products.

Sadly Mr. Desai is not the man to ride rough shod over such opposition. Also like many of his colleagues he is held back from boldly encouraging investment that would generate employment and demand by fears of a further upsurge in inflation. But it is safe to deliver the goods. Indians will grow increasingly impatient.

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## SALEROOM

BY ANTONY THORNCROFT

# Record sales highlight big three's turnover

LONDON'S THREE leading fine art salerooms report record sales £61.5m., a rise of £2.45m. and double that if recent Government statements are to be believed. Little wonder at the slack in demand for industrial goods.

On the credit side, the legacy of Mrs. Gandhi's rule is that the foreign exchange reserves have climbed close to a record \$4bn. and that the stockpile of grain is also at an all-time high of 20m. tonnes. This means that for the first time since independence India is freed from the constraints of shortages of foreign exchange or the threat of famine. It is a unique opportunity which Mr. Desai is in danger of letting slip.

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The highlight of the year for Sotheby's must be its public quotation, which was 26 times over-subscribed. Also of much significance was the formation of a real estate company in the U.S. which in the period up to March sold properties worth almost \$5m. (£3m.) as well as bringing in over \$3m. from works of art introduced into the saleroom.

Sotheby's also moved into stamp setting an auction record of \$90,000 for an American stamp at its first sale.

Even the U.K. re-established itself as more important in terms of turnover than the U.S., which only managed an increase of £2.2m. in 1976-77 to £44.8m.

London sales were £57.5m.

With a particularly good performance from the Belgravia saleroom, which concentrates on

Victorian and later works of

art, and which contributed per cent more sales, a reflection of the improved tone of the art of the improved tone of the art

market during the past 12 months.

Although Sotheby's claims to have established 123 world records in auction record prices during the

sector which did particularly well were Impressionists, where turnover rose £1.2m. to £5.97m.

Jewels which jumped £300,000 in

the U.K. to £2.1m. and almost £5m. in overseas sales to £8.66m.

Books, £2m. higher at £3m.; and cameras and photographic at South Kensington, rising by £200,000 to £273,000.

All told there were 1,156 sales

in 1976-77 and they offered 207,000 lots. Of these, lots selling for less than £200 represented 68 per cent of the total.

Among the records were the £272,000 paid for an emerald in

New York; £116,950 for a Herk

silk carpet, also in New York; the £26,800 in New York for the 24 per cent of the lots sold at Sotheby's and Christie's original auction.

For a Louis XV singing bird automaton at Mennecy, and £62,000 last week in London for

a Qur'an.

In the pictures a record £126,181 was set for a Millefiori.

For a Michelangelo drawing, £162,000 for a Moroni.

£25,000 for a Hogarth, and £26,000 for a Dryden.

London's picture auction

totalled £61,900, and a pair of

Victorian scenes of summer and winter by Thomas Smythe sold for £7,000.

Netsuke and inro were much in demand at the Bond Street auction

in Torquay where paintings

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At Christie's, South Kensington, furniture totalled £35,623. In a

full and active saleroom, a

full and active saleroom.

At Bonhams, announced a rise in

turnover of 22 per cent. In all

sales were £207,058, particularly large increases in

for a copy of Audubon's "Birds

porcelain, up 60 per cent, silver

and gold, up 50 per cent, and pictures 35

In London, Christie's held 30 per cent higher.

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## EUROPEAN NEWS

## Need for advanced reactors 'to continue'

By Our Own Correspondent

PARIS, July 27.

IN SPITE OF lower estimates of how much nuclear capacity will be installed over the next few years, there will still be a clear need by the 1990s for the introduction of advanced reactor systems like the fast-breeder. This is argued by the OECD's Nuclear Energy Agency in its annual report, issued to-day.

The agency appeals for work to be undertaken to determine the influence of advanced reactor strategies on requirements for uranium. It notes that the early introduction and rapid growth of the fast-breeder would make it necessary to provide for the recovery of plutonium from both thermal reactors to meet the initial needs of breeders and from breeders themselves in order to become self-sufficient.

The agency says that decisions are needed on reprocessing and the use of recovered nuclear fuel. The NEA-sponsored group of experts on reprocessing of spent fuel, which published its report in January, argued that savings of up to 20 per cent for uranium and separative work could be achieved in 1990 if all discharged fuel were to be reprocessed and recycled in light-water reactors or stockpiled for breeders.

However, it pointed out that there was likely to be a shortage of reprocessing capacity in the coming years.

The NEA argues that this shortage could be overcome by taking quick measures to provide additional storage facilities for spent fuel, but recognises that the growing fears about the dangers of nuclear proliferation could lead to other conclusions in some countries about the desirability of reprocessing.

The agency recognises that this fear is behind the desire of the U.S. to explore with other countries whether an international fuel cycle evaluation programme designed to minimise the dangers of proliferation could be set up.

There is no need, argues the agency, to delay decisions to build industrial-scale waste disposal facilities, since the technology to handle waste problems was already available.

The bulk of the agency work is devoted to safety and regulatory questions. The work on nuclear safety research over the past year has covered the main areas of thermal and fast-breeder reactor safety, general safety problems in reactors, and licensing.

## France to cut oil imports by reducing electricity use

BY DAVID CURRY

THE FRENCH Government is to save measures will now rank with motor manufacturers to impose a special tax on consumption of energy by industry, and investment in eligible for the road tax system, to account for fuel consumption differentials, while the national railways and gas charges to eliminate the present subsidy, and to abandon any depression in the rate at which tariffs are calculated.

At the same time, the state has also decided to increase electricity use of electricity in order to hold down the national oil import bill.

To encourage the construction of all-electric houses, a special levy of up to Frs.500 will

The French Government agreed a Frs.500m. ship-building industry aid programme, M. Jean-Pierre Fourcade, the Supply Minister said, Reuter reports.

From Paris. The aid is conditional on the yards re-organising into two main groupings and reducing overall production capacity by the end of 1978 to 80 per cent of current levels.

The overall aim is to achieve a saving of some 18m. tonnes of oil equivalent in 1985, by which time an accumulated saving of 45m. tonnes is hoped for.

The main innovation in the programme is the switch from taxation of excess consumption to taxation of consumption as such. In the industrial area, the target is the big company, since those with a turnover of less than F100m. a year and smaller-scale users are exempt. Large companies will be able to escape the tax, expected to be levied at a rate of 2 per cent of the fuel bill, if they invest in energy-saving measures. The tax will come into force next January. In fiscal terms, energy

be charged for connecting the services of homes with electrical heating systems. This will be reimbursed only after ten years.

In addition, a ceiling of 170,000 houses, or 35 per cent of housing starts, has been placed on the number of new homes which can be equipped with all-electric utilities in 1978. In 1985 of 240m. tonnes of oil

The government is also to legislate to insist on the re-use of oil imports from power stations and factories. Discussions are to take place of Frs.500m.

It is claimed here that the 40,000 MW of energy generated in France in 1985 from nuclear sources will represent almost half European installed nuclear capacity at that date. It is planned that about a quarter of estimated French consumption in 1985 of 240m. tonnes of oil

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## OVERSEAS NEWS

## Libya mobilises despite truce

THEEN BISHAWI

still mobilising its soldiers. The U.S. connections and calling up its of Sadat government are despite the fragile emphasis by the claim that they have allegedly shot down a military might, he said. The U.S. pilotless plane, which they believe was launched from an American warship off the Egyptian coast at Alexandria.

A country supposedly from a war, the Tripoli, remains out in, with life continuing normal pace of days. The only difference is the appearance of armed from the People's on the streets of the around its public.

Last week's war in may have ended, for it, but the propaganda only just begun.

In Tripoli are agreed to the lack of a formal of a ceasefire the war on the come to a halt; few resume. Both sides engaged in explaining its hostilities not only in the Arab world but in own people. Libya presenting, agreed, and of prisoners-of-war on each of them calling the overthrow of Sadat and declaring at having been to fight their brother Muslims.

Authorities are also to highlight what as the reactionaries the Egyptian regime fitness to make peace. They claim to have three Israeli subrums from Egyptian

Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, today played the vital mediator's role in an attempt to turn messy truce on the Libyan-Egyptian frontier into secure peace. He was seeing President Anwar Sadat of Egypt and was expected to As-Sahn.

The thrust of the Libyan information campaign is that the war on the come to a halt; few resume. Both sides engaged in explaining its hostilities not only in the Arab world but in own people. Libya presenting, agreed, and of prisoners-of-war on each of them calling the overthrow of Sadat and declaring at having been to fight their brother Muslims.

Libya claims not to have retaliated to the Egyptian attack and the Egyptian regime fitness to make peace. They claim to have three Israeli subrums from Egyptian

the eastern province and the home of its Mirage fleet, say sources in Tripoli. The Kufra oasis base was allegedly used for supplying the rebels fighting in neighbouring Chad, which may be why President Sadat opted for a major attack there. The indications are that Libya was taken very much by surprise by the nature and ferocity of the Egyptian attacks.

The tone of President Sadat's speech in Cairo on Tuesday night did little to lessen the tension. According to the Egyptian President, the town of Jaghbub, the scene of a number of attacks, is in reality Egyptian territory given to Libya in 1945. In response to that, the Libyans showed journalists a map dating back to the Ottoman period, which showed the Libyan border just 20 kilometres from Alexandria.

The cease-fire agreement between the two countries is fragile. Arranged principally by the Algerian President, Houari Boumedienne, it remains unratified and is only an understanding between Col. Khedaf and President Sadat to end the hostilities. Although the subject of the propaganda war was mentioned during the mediation discussions, no steps were made towards ending it. The insists to be read in the Tripoli and Cairo newspapers, become more personalised each day. Yesterday's Al Jihad newspaper in Libya showed Sadat smoking a hashish pipe, ordering his troops into Libya, and alongside, a drawing of piles of slain Egyptian soldiers.

## K. willing to sell arms Somalia as war goes on

5 BUXTON

yesterday joined the in announcing that supplying arms to Somalia is less clear-cut than that fading in the region and that it had no plans — as U.S. whose military advisers now engaged in a were expelled from Ethiopia in April. Britain has a defence agreement with Kenya, a Somaliland charge that it is also a subject of a long-standing territorial claim by Somalia.

announced on Tuesday that it was prepared to sell Somalia, though it endorsed Somalia's the Ogaden region of in Ethiopia, the present fighting has been seeking its sources of military following the decision standing supplier and Soviet Union, to send to Ethiopia. The Foreign Office, in it had agreed with Ethiopia, in which the most pressing need is its other allies that it g to supply "modest" of weapons is depending on what is for defensive purposes. Meanwhile in the war of claims and counter claims over the Ogaden, Ethiopia insisted forces.

## ession ned ngola

ESBURG, July 27.

UNITA guerrillas may declare its own the south of the next year if it can keep up its military NITA's spokesman affairs, Sr. Jorge in an interview with Camaguey newspaper.

iba interviewed by an unnamed in Angola, said: "The civil war of 1974-75 it again." The National Union independence of continued to wage campaign in the south since losing the according to black listing into neighbour West Africa as driven MPLA troops from several and cut regular routes. Last week it captured the of Guanica after with the MPLA of whom sought both African troops side of the Kavango.

iba told Beeld: to declare all of the 11th parallel A republic. The almost passes Redondo on the line, about 170 Luanda.

HER PAGES  
Company News: results statement: 28/29  
Materials: 35

## Fraser to use uranium in seeking trade with EEC

ADELAIDE, July 27.

MR. MALCOLM FRASER, the Australian Prime Minister, made a stable long-term customer plan to-day that Australia will for our beef and other agricultural products, and I do not think the logic of this comparison was lost on them."

Mr. Fraser, who had been expected to announce the lifting of a four-year ban on the mining and export of uranium early this month, said that his government was still considering the question. Pointing out that the benefits of uranium mining to the Australian economy were obvious, he stated, "we shall not determine the issue until other fundamental issues have been resolved."

In particular, no decisions will be made on mining until we are absolutely satisfied that the environment will be fully protected and that the needs and interests of the aboriginal people are safeguarded."

The Europeans' wish for us to be a stable long-term supplier of uranium bore striking sim-

## Gandhi returns to attack

BY K. K. SHARMA NEW DELHI, July 27.

MRS. INDIRA GANDHI, who was voted out of power in the grounds for suspicion of their March parliamentary elections, has made an open return to active politics, which coincides with popular demands for formalities an straight away take such people into custody." His during the emergency" indirectly statement followed sharp exchanges between Janata Party and Congress opposition members on the Turkestan Gate that the matter was debated in scandal in Delhi in April last year, when many people were Charan Singh, the Home Minister, said that the Central forceful demolition of their Bureau of Investigation (CBI) tenements. The Home Minister's statement came after persistent demands for action against the people during the emergency, had been told that arrests should be made if there were sufficient grounds for suspicion of their involvement.

Mr. Singh said the CBI had active politics, which coincides with popular demands for formalities an straight away take such people into custody." His during the emergency" indirectly statement followed sharp exchanges between Janata Party and Congress opposition members on the Turkestan Gate that the matter was debated in scandal in Delhi in April last year, when many people were Charan Singh, the Home Minister, said that the Central forceful demolition of their Bureau of Investigation (CBI) tenements. The Home Minister's statement came after persistent demands for action against the people during the emergency, had been told that arrests should be made if there were sufficient grounds for suspicion of their involvement.

A similar invitation has been extended to Mrs. Bandaranaike's deputy, and to two senior politicians from the United Left Front — the partnership of Communists and Trotskyites which also received an unexpected trouncing in the election.

The executive of the Freedom Party is to meet shortly to consider the offer. It seems in part to have been prompted by Mr. Jayawardene's wish for his opponents to shoulder with him responsibility for the unpopular decisions that lie ahead, and, as such, is likely to be treated with some scepticism.

Mr. Jayawardene is also worried, however, that the massive size of his victory has left the socialist parties — traditionally strong in Sri Lanka — with no Parliamentary outlet. By bringing them into

## wardene offers Cabinet post to Bandaranaike

V. DE SILVA

Jayawardene, Sri Prime Minister, a post in his party to Mrs. Bandaranaike, Prime Minister, in the elections' conditional on Party agreeing to a coalition which had indicated on speeches he can tackle the economic and

political problems. A similar invitation has been extended to Mrs. Bandaranaike's deputy, and to two senior politicians from the United Left Front — the partnership of Communists and Trotskyites which also received an unexpected trouncing in the election.

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TRIPOLI, July 27.

## AMERICAN NEWS

## Carter goal for oil import cut unrealistic, says GAO

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 27.

EVEN IF it is fully implemented by Congress, President Carter's energy programme will not agree with the basic concept of the Administration proposals.

The principal shortfall in the energy development, the GAO says, will occur on the coal front: the report gravely doubts whether the stated 1.2bn tons a year goal is attainable.

It mentions serious environmental questions, enormous capital requirements and a deficient rail transport system as obstacles.

The GAO notes that the Administration, while stating that it will use nuclear power as a last resort, nonetheless expects nuclear energy capacity to be four times the current level by 1985.

But, it goes on, this will require all 77 nuclear plants now licensed for construction to be completed; and all these plants, operating at an average annual capacity of 69 per cent, will add to the economy's consumption of energy by 1985.

The programme envisages an annual increase of energy use by industry of 4.9 per cent, based on an average annual expansion of 3.0 per cent in real terms. The GAO, however, refers back to the 1960-73 period, when similar growth was achieved in the economy and notes that in those years industrial energy consumption grew by only 3 per cent per annum. This figure, the report says, should be considered the upper limit for the increase in the consumption of energy by 1985.

On the other side of the argument, suggesting that the demand for energy may be less than the Administration had assumed, the GAO believes that the energy programme overestimates likely industrial consumption of energy.

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## WORLD TRADE NEWS

### \$233m. U.K. credit for Soviet methanol contract

BY MARGARET HUGHES

THE LARGEST loan to the then came back and asked both Soviet Union to be guaranteed competitors to quote in dollars by the Export Credits Guarantee. This lowered the Davy/Klöckner Department, was signed in price as compared with their GNP per capita of bet \$1,000 and \$3,000, as opposed to "rich" or "poor" one which mean an interest rate of 7.25 per cent for credits of two to years and one of 7.75 per cent for credits of more than years.

The Russians are known as "intermediate" category country for the Soviet Union as a mean of more than years, as well as being suspended with result that no new French contracts are being signed with Soviet Union for the time being. If the U.K. is not to find a position several big deals are known to be in the pipeline and the possible compromise will have to be made.

But the Russians are known as big breakthrough for the European neighbours have been among the most strident critics of the U.K. Government's recent decision to switch buyer credit financing out of sterling and into foreign currency.

Secondly the Davy Powers Klöckner deal provides a classic illustration of how quoting in foreign currency can give British contractors a competitive advantage.

Companies like Toyota carry virtually no stock and time their deliveries to a fine point, so that suppliers have to follow production plans very closely.

ICI quits Saudi conference line

BY ROY ROGERS, Shipping Correspondent

IMPERIAL CHEMICAL Industries has become the second of Britain's major exporters to leave the Saudi conference line, following in the footsteps of British Petroleum.

ICI's withdrawal from the Saudi conference line was the first in a series of withdrawals by British companies from the conference line, which was agreed at the multilateral talks held in London in July.

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ICI



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The U-Matic videocassette machine available in Britain switches instantly to play back the American colour system (when used with a special Trinitron monitor). It also has a Memory and Repeat control, allowing you to repeat the tape ad infinitum.

The U-Matic is the only one with a totally enclosed tape which keeps it free from grease and dirt.

The tape, record, and play-back heads have a life expectancy of up to double

that of competitive machines.

And astonishingly, our cassettes are considerably cheaper to buy. A few hundred cassettes will save you over a thousand pounds.

When you think about these advantages, the extra you pay for a Sony U-Matic starts to look like a real investment.

Especially when the other benefit you get just can't have a price put on it.

The comforting thought that you can go into a big presentation with the U-Matic and come out again without a red face.

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## HOME NEWS

# Peak oil output to be raised by a third in Piper Field

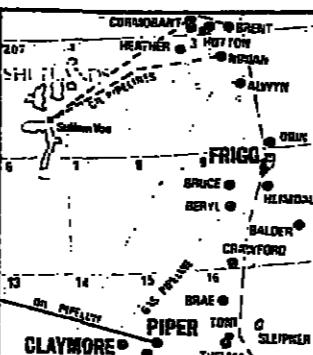
BY RAY DAFTER, ENERGY CORRESPONDENT

THE OCCIDENTAL group is to insist that Shell-Esso's Brent B platform—closed last month—should remain shut down until gas handling equipment has been installed.

Parliament is expected to be told today that the next day that the Department of Energy has decided to give conditional approval for Piper's peak production to be uprated.

Occidental, the U.S.-based energy group, wants to raise the field's output from the present limit of 250,000 barrels a day to between 300,000 and 350,000 barrels. This follows the experience gained from the initial stages of production when the wells have performed better than expected. The field is now producing oil at the rate of 220,000 barrels.

The Department said last month it would not allow production to exceed agreed limits until the operators had presented an acceptable gas recovery programme. It has been concerned about the amount of gas produced with the oil that has been flared through the Piper and other North Sea fields. This was why the Department



The Government would support the move because it matches exactly plans for building a gathering network in the North Sea.

Various schemes are now being evaluated by a body comprising state-owned energy corporations and private companies, including Total, but it seems likely that by the early 1980s work will begin on the construction of a new gas terminal near Peterhead.

Consequently, it will be mixed with the Frigg Field gas which is due to start arriving next month. British Gas Corporation, which will use all the gas in its distribution network, is to begin buying in quantities of Frigg gas in October.

Total, the French oil group

which is operating the Frigg

gas pipeline and British Gas, has agreed in principle to the scheme, it is understood.

## Scots Sheriff to be sacked over pamphlet

## British Gas fails in 'hardship' bid to raise prices to ICI

BY OUR ENERGY CORRESPONDENT

A SCOTTISH sheriff will be sacked from his £11,418-a-year job because he wrote a political pamphlet.

Mr. Bruce Millan, Secretary of State for Scotland, announced yesterday that he had laid an order before Parliament removing Sheriff Peter Thomson, aged 63, from office.

This will be the first time in 70 years that a Scottish sheriff has been removed from office by a Secretary of State.

The Scottish Office said the decision to remove Sheriff Thomson was based on a report from Lord Emslie, Lord President of the Court of Sessions, and Lord Wheatley, the Lord Justice Clerk.

The attention of the Secretary of State was drawn in April to publication of a pamphlet entitled "Scottish Plebiscite Report" by Sheriff Thomson which proposed a plebiscite on Scottish home rule.

"In accordance with the procedure laid down by statute, the matter was referred by Mr. Millan to the two judges for continuing for over a year and in an investigation," the Scottish Office said.

Under a 15-year agreement signed in 1969 ICI has a contract to buy 1bn. therms a year of natural gas. This is more than 7 per cent. of British Gas Corporation's total sales and about 16 per cent. of sales to industry. It was estimated at the time that the contract would be worth over £250m. during the 15 years.

Originally the prices for supplies were as low as four old pence a therm. Although there

has been some increase in prices in the past eight years, this has been at a lower rate than the

average rise in price.

Mr. Jack Smith, the Gas Cor-

poration's deputy chairman, commented: "We have lost a claim for hardship. That was round one. But we have not lost totally."

He said it could be a few months before the issue was settled, either voluntarily or through arbitration.

British Gas added yesterday that although it had agreed to pay tariff charges until at least next April—in line with its previous undertaking and a directive by the Price Commission—it was still raising prices without contracts came up for renewal.

## Archaeologists given £25,000

ARCHAEOLOGISTS in Lincoln have received a surprise £25,000 Government grant which will be used to excavate a site thought to be one of the most important in the country.

Because of spending cuts, archaeologists were preparing for lean times, but the grant means that more than £100,000 has been received for excavations and will be used to provide 24-

unemployed youngsters with jobs next winter on excavations at St. Paul-in-Baile, Lincoln, an ancient church site.

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Peter A. Knowles, Vice President.



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## Three die in fresh Ulster flare-up

BY OUR BELFAST CORRESPONDENT

A FLARE-UP in the simmering feud between the Official and Provisional wings of the IRA in Belfast has left two men dead and several others injured.

In an entirely separate incident, postman was shot dead at breakfast time.

The killing of Mr. Trevor McNulty, a leading member of the Republican Clubs—the political wing of the Official IRA in Belfast at lunch time yesterday sparked off a series of incidents.

• Marconi Marine, a GEC-Electronica electronics company, has won a £500,000 contract to supply communications systems to Texaco's Tartan Field in the North Sea. The main system will use the Piper platform for relaying communications.

The facilities will enable telephone subscribers in Britain to telephone the offshore platform.

Texaco, the American group developing Tartan, said yesterday that the contract was conditional on the field being brought into production. The group said that by the early 1980s work will begin on the construction of a new gas terminal near Peterhead.

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## HOME NEWS

# Manager bodies agree on links

By IAN HARGREAVES

MOVES TO strengthen the links between the Institute and Voice of managers in the nationalised and other professional bodies and debate on economic, social and that if these were successful, industrial affairs were taken a there could be an agreement to step further yesterday with the co-operate between bodies represented by announcement of an affiliation setting 250,000 managers.

agreement between two major management bodies.

The British Institute of Management, with 54,000 individual members, and the Institution of Engineers and Technicians, with 20,000 professional and technical members, have signed heads of committee meetings of the other.

It was agreed yesterday that towards affiliation. This follows the agreement will not mean a year of talks between the two loss of identity by either body, but that joint action will be taken on matters of common

Si Derek Ezra, chairman of BIM, said that negotiations had concern.

## Quick decision urged over Hitachi factory

BRITAIN could lose multi-million pound investments from many major Japanese industries if Hitachi are forced to expand in Germany.

Mr Dennis Stevenson, chairman of Peterlee and Aycliffe Development Corporations, today urged the Government not to "throw away the work of the last few years."

Hitachi planned to open a television factory in the North-East town of Washington, but, Mr Stevenson said, opposition from British manufacturers had led to a Government rethink, thus putting the plan in jeopardy.

Mr Stevenson has written to Mr Alan Williams, Minister of State at the Department of Industry, demanding a quick decision on the Hitachi plan. He said the "skillfully mounted lobby" by the British Radio forced to withdraw and a recent decision was exercised "purely from the point of view of self interest."

"It has nothing to do with Britain's interest," he said. His corporation had worked hard to interest Japanese firms in the North-East and now had "developed a relationship" with 50 or 60 companies.

"This country has to increase its share of multi-national capital. Doing so—by attracting industry from overseas—is the

policy of our Government and I personally have been trying to achieve this over the past few years."

"Hitachi and a number of other major Japanese companies

have been led to believe that they had a deal with the British

Government and now see that

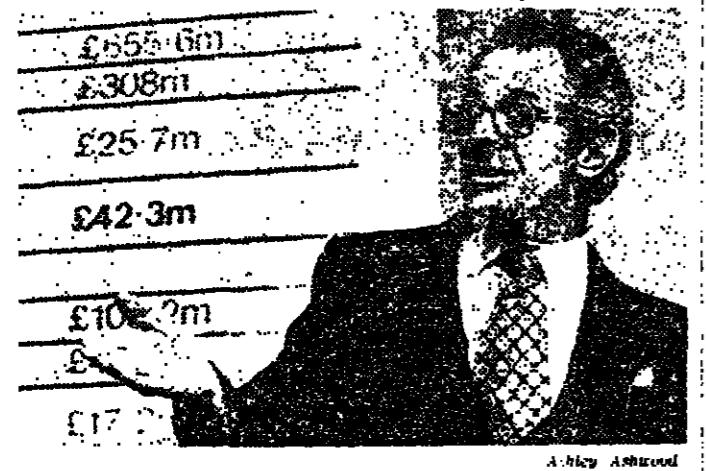
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"It has nothing to do with Britain's interest," he said. His corporation had worked hard to interest Japanese firms in the North-East and now had "developed a relationship" with 50 or 60 companies coming.

## Heathrow congestion 'could get far worse'

By MICHAEL DONNE, AEROSPACE CORRESPONDENT



Mr. Norman Payne, chairman of the British Airports Authority, delays in a new terminal for Heathrow Airport will add considerably to congestion in the 1980s.

CONCERN THAT the proposed trading profit for 1976-77 was new Terminal Four at London's authority's eleventh success Heathrow Airport may be an annual profit. It compared delayed because of local opposition with a trading profit of £16.8m. in the previous year, although comparisons were difficult further congestion at the airport in the early 1980s, was stressed because last year the authority yesterday by Mr. Norman Payne, chairman of the British Airports Authority.

Presenting the Authority's annual accounts for 1976-77, which showed a trading profit before interest and tax of £17.2m., Mr. Payne said if passenger traffic continued to grow at the expected rate of about 7 per cent a year, present facilities at Heathrow would become saturated by 1980, with 30m. passengers a year moving through it.

The proposed £50m. Terminal Four, planned for the south side of the airport, would be needed to alleviate this problem. But even allowing for the 1.8m. passengers a year Terminal Four would handle, Heathrow might still become swamped by 1984-85, requiring many more passengers to use Gatwick and Stansted.

Mr. Payne said local authorities round Heathrow were seeking a change in the Authority powers which would result in a full-scale Public Inquiry into the new terminal plan.

This, if approved by Mr. Peter Shore, Secretary for the Environment, would result in a major delay in getting the new terminal approved and built, which in turn could make congestion at Heathrow worse.

As a result of any inquiry, plans for Terminal Four were rejected, pressures on Authority airports in the south-east would become so great that they would be operating at full stretch by 1984.

Additional developments elsewhere would be necessary to take the load.

These would include probably the provision of a second terminal at Gatwick, to bring that airport up to 25m. passengers a year, and much greater use of Stansted, which currently handles 300,000 passengers a year.

Mr. Payne said the £17.2m.

## Douglas F. Green

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## Battle over 'champagne' label goes to Lords

Financial Times Reporter

THE BABYCHAM legal battle over who has the right to use the word "champagne" is to go to the House of Lords.

Three Appeal Court judges, who last week ruled 2-1 in favour of Showers, the West Country makers of Babycham, yesterday granted the French champagne houses leave to appeal to the Lords.

The French claim an exclusive right to the word "champagne". But last week's decision gave Showers the right to present its products with the description "champagne perry".

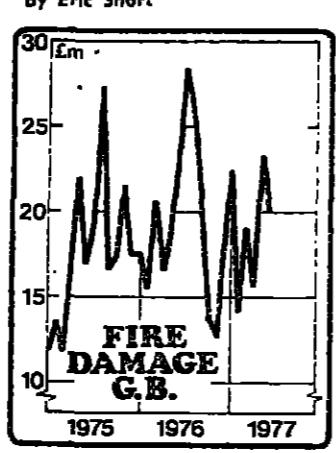
The next round may not be the end of the marathon legal row. The Lords can refer the case to the European Court in Luxembourg if there is a point of European law to be decided.

The champagne houses were yesterday ordered to pay the court action and the appeal may exceed £100,000.

Showers was granted a declaration that it is entitled to use the expression "champagne" in the name "Babycham champagne perry", but not in such a way as to amount to "passing-off" the product as champagne.

## June fire damage down £3m.

By ERIC SHORT



These figures cover members of British United Provident Association, Private Patients' Plan and Western Provident Association which account for over 98 per cent. of the total medical insurance scheme membership.

## Small companies 'unable to raise equity finance'

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE EXISTENCE of an "equity quotation seldom have difficulty getting investment capital," which prevents small or unquoted companies from raising investment capital, is suggested by the Scottish Development Agency in its evidence to the Wilson Committee on financial institutions, published today.

The agency, which has accepted 28 cases for help since it was established 18 months ago and is considering 25 more, says the main need is for equity finance; other forms of finance, such as short-term borrowings, are adequately dealt with by the banks and other institutions.

Large and medium-sized companies with a Stock Exchange

listing are in a better position to meet the problem, but prefer secured lending.

## REPORT CRITICISES PRICE COMMISSION CURB

## Post Office has record £291m. profit after setting aside £101m.

By JOHN LLOYD, INDUSTRIAL STAFF

THE POST OFFICE profit of £291.3m. is the largest in the history of the corporation. The actual profit was much higher—at £320.3m.—but the final figure was arrived at by subtracting £101m. from that figure as a provision to eliminate profit above the price code reference level.

The elimination of the excess £101m. is taking the form of a £7 rebate for each telephone subscriber, as well as reductions in some charges for local calls.

Sir William Ryland, chairman, voiced a wide-held view throughout the Post Office unions and the Government, when he criticised the Price Commission's requirement to make the reduction in the profit level.

Total passenger traffic through the airports rose by 10 per cent, which was largely due to the attraction of the UK as a desirable destination because of the fall in the value of the pound.

At our Southern airports, foreign visitors now account for nearly half the traffic.

The report reveals that last year's profit was earned entirely on its commercial activities—the sale of duty-free goods and the provision of concessions to retailers at its airports—which collectively earned a profit of £23.9m.

Revenue from traffic—aircraft parking fees, landing fees, and other items directly relating to the airports—increased by 15.7m.

The Authority's other airports—Heathrow, Gatwick, Stansted, Preston, Glasgow, Edinburgh and Aberdeen handled 35m. passengers, with Heathrow alone handling 23.7m. and earning a trading profit of £21.9m.

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# BOOKS

## Ambling on

BY C. P. SNOW

**Send No More Roses** by Eric Ambler. Weidenfeld and Nicolson, £3.95. 289 pages

It must have been about forty years ago that I read Mr. Eric Ambler's first book. So far as I remember, it was published by Heffer's. I was much impressed but I wondered whether he mightn't be too subtle for popular success. His subsequent career demonstrates that I needn't have worried.

Along with John Le Carré, he is recognised, and rightly so, as this country's master of what? It is difficult to define precisely what kind of books those two write. They are certainly not detective stories. They are scarcely thrillers, or not in the Dashiell Hammett or Raymond Chandler sense. Though suspense plays a part as it does in almost all the classical straight novels, sensation rarely does. The Ambler books are readable to an extent that few novels are. Yet they are a good deal more than mildly intellectual entertainment. It doesn't matter much how we classify them. To anyone who has read Ambler, it is enough to say this present one comes up to his own standard. To anyone who hasn't read him, it is time to begin.

As has just been mentioned, he doesn't rely on sensation. Nearly all the violence in *Send No More Roses*, and there isn't much except for a perfunctory and rather implausible bombardment, happens off-stage. Nevertheless, the story, like all the best of Ambler, induces a sense at the same time uncomfortable, pleasurable, and exciting, of disquiet or angst. He is wonderfully good at conveying the to outclass all Able Criminals. feeling of Man Alone, among enemies even when he isn't certain who they are: and at times who has come to suspect him. A feeling of metaphysical dread Krom, with a couple of other

at being alone in the cold universe.

Paul Firman, the narrator of this book, exemplifies that loneliness. He is, typically for an Ambler hero, if that is the right word, déclassé, déraciné, and all the other "de" things one can imagine. He is an Argentine Englishman, good at picking up languages, cool-nerved, not hampered by any bourgeois notions of commonplace honesty, but somewhat shocked when others turn out not to be hampered by such notions either. He is intelligent, and Ambler, by some very skillful literary sleight of hand, not easy in a first person novel, makes him dryly or wryly sympathetic.

During the Anglo-American

campaign in Italy, he is picked up by a clever Italian lawyer. Like recognises like, and after the war they form a partnership. Firman becoming the executive second-in-command (though it is unresolved, and even at the end left with a sense of doubt, as to which of them is really the presiding mind). Their first

concept is to get hold of the unscrupulous money which Americans can black-marketeers had acquired in liras and similar currencies, in wartime Europe. The Americans can be persuaded that

there are techniques by which

some of their winning might be filtered back to the U.S. The account of these Balkan manoeuvres are, at least on paper, fascinating and convincing. Not having tried them, one can't tell whether they would work in the brutal world. In the book they do work, as do more labyrinthine criminal operations. The two men make fortunes.

Firman is the Able Criminal.

There is a Dutch student of

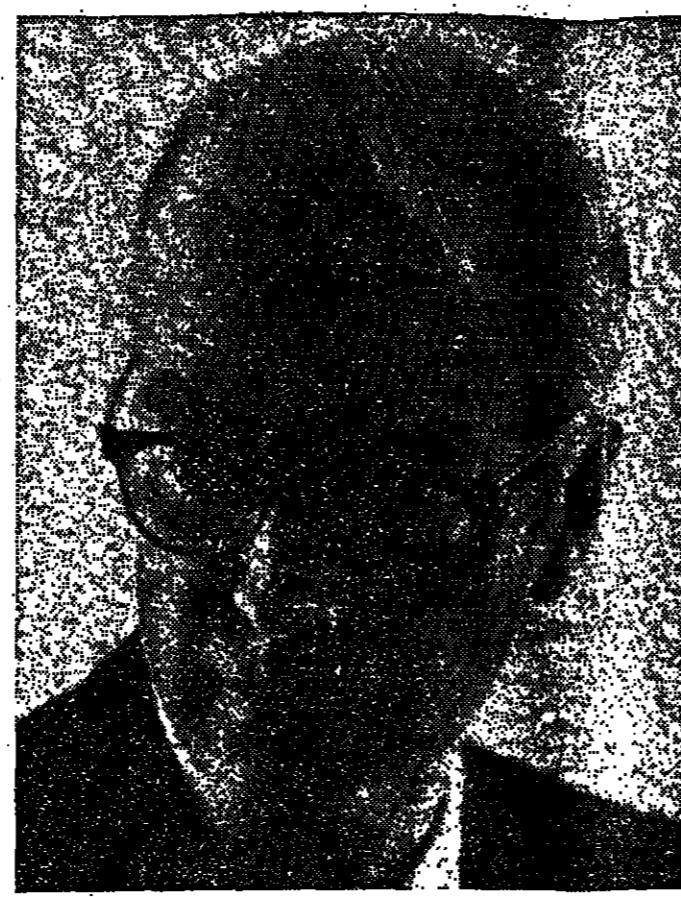
criminology, Professor Krom,

who they are: and at times

who has come to suspect him.

A feeling of metaphysical dread

Krom, with a couple of other



Eric Ambler: hideous house-party.

criminologists, determines to get purpose. In thrillers it is self-truth out of Firman. Hence destructive. I suppose that I myself have been trained to read a bizarre and most-fallen house-party in the South of France, where the suspense cracks open. But it is the inner drama of Firman that is the core of the story. He and Krom each know some of the truth. No one knows all and no one ever will.

It is perhaps time to issue a warning. It is common know-

ledge that some of the best modernist poets were thriller-addicts (compare T. S. Eliot).

There is a certain danger that the thriller-writers

are becoming as recrudescent and allusive as the poets who admired them. In poetry that kind of Alexan-

drian allusiveness will kill such thrillers stone-dead.

Firman is the Able Criminal. There is a Dutch student of

criminology, Professor Krom,

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who has come to suspect him.

A feeling of metaphysical dread

Krom, with a couple of other

## CURRENT WORKS OF CRIME FICTION

### Shotgun James

BY ROBIN LANE FOX

**October Light** by John Gardner. Cape, £4.95. 401 pages

"Up in Vermont, old James Page comes in from the cows and the beehives, the milk-pails and the pace of the seasons. Television, he thinks, is corruption, dragging a man down into sick material ends. So he blasts the TV set to bits with his shotgun, heedless of his elderly sister who is watching it. Outraged, she retires upstairs to the room which is hers by long occupation. There, she happens on a modern shocker, dropped by her young great-nephew who had found it in the pigsty."

She reads far into it through a plot of blood and thunder, drugs and dissipation, a gang to every bang. She prefers not to return downstairs. Prevention is constructed as defiance. Her brother mounts an empty shotgun outside her door, but the gun, in fact, is never locked.

Smile, reads on, from smugglers to flying saucers, we trace, between shared extracts, the patterns of her past. Meanwhile, groups form and characters unlock themselves downstairs.

Guilt and abandon, puritan and

pleasure-seekers stand opposed, set off by sister Sally's reading.

She comes out at last, quietly and untriumphantly, to a group shaken by a near-murder, by attitudes touched off by her persistence and by a harsher adjustment to their past.

There is violence and suspense, action and extravagance in this exceptional book, whose effect is far more than the immediacy of some crime-page thriller. John Gardner writes superbly. He has given us a novel which is

required reading for those who

know better than to protest that

fiction is dead and that writers are reduced to extreme pathos.

October Light is, I feel, a little too long. It shades into

impressions, into ripples rather

than than to a novel which might have absorbed it more quickly and moved on. Through elderly

Sally, the stated contrast un-

derlines and downstretches

the other world, overturns the

other.

As a novel of style and

scenery, of contrasting values

and great, unexpected humanity,

this is a book which lives sharply

in the mind.

Thrillers start from questions

rather than statements. Like

What happens nowadays?

to criminals who aren't?

In the rural corner of Nepal, which

Lieutenant Kramer and his Zulu

assistant Sergeant Zondi are

combing in *The Silence*. How

do they get their deserts from

a dedicated amateur? Whoever

he is, his stormy African con-

science has clearly decided who

is to live or die, and he hangs

the guilty far more tidily and

according to the rules (therefore

more "judicial") than does the

judicial hangman with his slow

happy ways still keeping his

in South African prisons. These

amateur hangings, on a proper

gallows, are needed for some

but a dedicated, strict, certainly

aren't suitable, as career police

doctors have found in the past.

*South Africa* is, in fact, a

terrible country with more my-

sterious, Africanised and

deserted wife, dreary

inability to stop dri-

cracial moments, his fe-

and loneliness, and di-

touching love he has

clever son he somehow

and for whose future a

he's set up his Shinku

financed by recent Odd

this seems to sug-

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to the child

matched parents? Some

says *Only Children*, a

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killings rather than a

based upon them. We're

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most secret of all our

human heart.

Finally, what hap-

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## BROADCASTING

### Wavelength changes

THE BBC is to update its medium wave broadcasting stations using some £4m. of station near Inverness in the north of Scotland, using the half of which is to be supplied by Marconi; the company is to provide 24 modern 50 kW transmitters. Other equipment will be supplied by Pye, Redifon and Harris.

The orders are in connection with the BBC's plans to re-organise its medium and long-wave broadcasting.

Some of the existing stations have been in the air since the early 1930s—Brookmans Park in Hertfordshire is a good example. But they are becoming expensive to operate, particularly in terms of manpower, and with the requirement to implement the decisions of the recent Geneva conference on frequency allocation, and the tendency to make broadcasting more regional, the BBC sees this as the right time to make the investment.

From November 23, 1978, Radio Four will no longer be broadcast on medium wave. Instead, the aim is to make the programme available on a truly national basis, on long wave only.

## MATERIALS

### Ducting is a shield

FLexible ducting that can stand extreme shock, a wide temperature range and can maintain its electromagnetic shielding properties has been introduced in the U.S. by Metex Corporation.

Material used is a silver-loaded knitted elastomer with homogeneous conductivity. To give additional strength in the tensile and flexing modes, with further bonding, the elastomer is made from layers of conductive knitted wire embedded in it.

The degree of silver filling in the elastomer, the type of

knitted wire and the mesh size are all varied to meet specific electromagnetic protection needs.

The material can withstand temperatures from -82 to +200 degrees C with no loss of shielding ability, which is greater than 60 dB throughout the frequency spectrum.

Nature of the material also means that it can stand adverse environments such as exposure to industrial chemicals, salt spray, high moisture content and high stress. More from 707 New Durham Road, Edson, New Jersey 08817.

AN ORDER for the production of more than 20,000 panels of double-sided poly-epoxy glass laminate for the exceptional lengths of 8 and 12 feet has been announced by Norplex U.K.

This company (a division of P) was the only one to meet the time scales and materials specifications imposed by the High Energy Physics group of Manchester University.

Further details of the panels from Norplex at Scan House, Bowles Lane, Feltham, Middlesex TW13 7EQ. 01-890 1269

YOUR International customers can dial you toll-free from Frankfurt, Zurich, Geneva, Barcelona, Amsterdam, Brussels, Madrid and Bahrain.

For further details telephone 800-8000.

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## Notice of Redemption

### Borg-Warner Overseas Capital Corporation

#### 8% Guaranteed Debentures due 1979

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1966, under which the 8% Guaranteed Debentures are held in \$1,000 aggregate principal amount of such Debentures, the following distribution notice has been drawn by lot for redemption on September 1, 1977 (herein sometimes referred to as the "redemption date"):

#### \$1,000 Coupon Debentures Bearing the Prefix Letter M

M	7	756	1911	2828	3729	4728	5678	6580	8314	8885	9521	10988	11753	12657	13807
11	705	1912	2829	3730	4729	5679	6581	8315	8886	9522	10989	11754	12658	13808	
19	705	1912	2829	3730	4730	5680	6582	8316	8887	9523	10990	11754	12658	13808	
22	775	1912	2834	3734	4734	5701	6614	8315	8885	9519	10937	11751	12657	13856	
27	803	1923	2852	3752	4752	5698	6590	8324	8894	9524	10944	11752	12658	13856	
28	805	1947	2843	3722	4711	5769	6630	8327	8897	9547	10949	11841	12845	13875	
30	805	1947	2843	3722	4711	5769	6630	8327	8897	9547	10949	11841	12845	13875	
31	805	1947	2843	3722	4711	5769	6630	8327	8897	9547	10949	11841	12845	13875	
34	847	1954	2853	3741	4741	5732	6697	8350	8896	9567	10975	11859	12870	13895	
52	850	1955	2853	3741	4741	5732	6697	8350	8896	9567	10975	11859	12870	13895	
55	855	1955	2853	3741	4741	5732	6697	8350	8896	9567	10975	11859	12870	13895	
57	855	1955	2853	3741	4741	5732	6697	8350	8896	9567	10975	11859	12870	13895	
61	862	1973	2867	3752	4752	5812	6755	8374	8926	9568	10987	11912	12888	13936	
64	865	1975	2867	3752	4752	5812	6755	8374	8926	9568	10987	11912	12888	13936	
75	877	2031	2872	3763	4763	5815	6764	8389	8937	9570	11019	12034	13947	14077	
85	890	2040	2878	3768	4768	5818	6765	8390	8938	9571	11020	12035	13948	14078	
102	893	2051	2883	3767	4767	5819	6766	8391	8939	9571	11021	12036	13949	14079	
103	898	2051	2883	3767	4767	5819	6766	8391	8939	9571	11021	12036	13949	14079	
112	898	2051	2883	3767	4767	5819	6766	8391	8939	9571	11021	12036	13949	14079	
114	902	2074	2893	3766	4766	5820	6768	8392	8940	9572	11021	12037	13950	14080	
127	907	2087	2898	3787	4787	5825	6809	8395	8943	9573	11025	12038	13951	14081	
131	911	2087	2904	3784	4784	5826	6810	8396	8944	9574	11026	12039	13952	14082	
140	924	2100	2911	3785	4785	5827	6811	8397	8945	9575	11027	12040	13953	14083	
145	965	2150	2918	3788	4788	5828	6812	8398	8946	9576	11028	12041	13954	14084	
147	987	2151	2918	3788	4788	5829	6813	8399	8947	9577	11029	12042	13955	14085	
151	987	2151	2918	3788	4788	5829	6813	8399	8947	9577	11029	12042	13955	14085	
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165	987	2151	2918	3788	4788	5829	6813	8399	8947	9577	11029	12042	13955	14085	
166	987	2151	2												

## THE JOBS COLUMN

## Mandarins' eye view of poor British managers

BY MICHAEL DIXON

READERS who are managers in a document owned organisations. And it is the document accepts that competition, not least from the rest of the world, is inevitable that some people suspect that the abroad, it is inevitable that some thought of other ways in which higher ranks. So of course they each higher stage of education us on their behalf, should per- and Management. Education to reversing this preference that many people suspect that some thought of other ways in which higher ranks. So of course they each higher stage of education hags to be grateful. They have Let us make no bones about the document's author, have rewards for factory-floor man- businesses will decline and companies can improve their are a useful indicator of potential for promotion. And we know that the object of pro- mainly applied their minds. agement may be seen as others prosper. Moreover, par- ticularly at the higher and more exposed levels of adequacy of the previous sample of people, those of a particular per- sonality type. This type is the loned thought by a group of make allowances for (as evidently that the problem is the trials of the job, particularly when compared with higher or otherwise of individual performance is brought sharply into focus by the profit and loss account, and if managers fail to achieve the right results companies cannot afford to do other than displace them. Thus a career in industrial management is inherently less certain than the many other openings now available for able people, not least in the public sector. . . .

Businessmen who have met high-class civil servants and felt on the whole fall short of a remedial actions which could be taken by other people, especially those working in industry and education. Moreover, they have not excluded the possibility that the other people may be able to think up extra measures to help the community as a whole. If this particular reason for the non-fulfilment of the Government's industrial strategy is to be believed, it is therefore "why" in that case, they may ask, should the same provision for being displaced not apply to civil servants who failed to achieve the right results, or even to satisfy the customer? But the doubt is dispelled by the tone of the document whose implication is plain. Since the people who have been trained to think the question of such mistakes does not arise.

But differences in pay between industrial managers and government administrators is not the only nettle which the officials have grasped. They also tackle the issue of differences in pay between young people of similar ability. The argument for adequate remuneration for successful management, then the nation will no doubt come to accept it just as easily as it apparently now accepts the opposite.

In an environment governed by the need to satisfy the customer, it will be equally attractive to example — make academic. As it happens, I seem to remember reading in half a dozen

years ago that the officials have condition of entry into their dozen research studies or so that the abroad, it is inevitable that some thought of other ways in which higher ranks. So of course they each higher stage of education

the trials of the job, particularly when compared with higher or otherwise of individual performance is brought sharply into focus by the profit and loss account, and if managers fail to achieve the right results

companies can improve their are a useful indicator of potential for promotion. And we know that the object of pro-

tection — the most able people, far higher in the ranks than the non-graduates do. But since all the graduates do not get to the top, we also know that academic qualifications are not the sole

lead to identifiable success, "drive," this may have some thing to do with the manufacturers' disappointment.

There seems, however, to be a slight snag. Some of the manufacturers among the better companies which have set the lead have been disappointed by their able recruits' "personal motivation and drive."

It might even be that concentrating recruitment to management on graduates substantially reduces one's chance of engaging people with leadership and drive, and increases one's chances of taking in those who prefer to think about pig

about them.

But there can be little doubt that this possible explanation is not the sole, by a doubt which the 30-page would be viewed by the officials as mere disadvantage.

And they themselves are a real live example of future potential." I must confess to having been mystified at this point by the document's implication is plain. Since the education the graduate being engaged now are the same men industry to adopt as "and how do we know?" But people who were formerly taken during the next six weeks once again, by doing my best to in as school-leavers. But one while the Jobs Column is still think like the authors, I quickly surely just cannot assume that its summer break, I trust, will bring the light.

The better organisations degree courses of three years Department of Industry's advice

which set the lead — of which or more make no difference in on improving the quality of

the Civil Service is an obvious people recruited. management with all the qualifications virtually a pre-remember reading in half a deserved

## Pay problem

An illustration of the officials' general approach is provided by their analysis of the possible effects on the career choices of academically able young people of the pay in job security: "In an environment governed by the need to satisfy the customer, it will be equally attractive to example — make academic. As it happens, I seem to remember reading in half a dozen

years ago that the officials have condition of entry into their dozen research studies or so that the abroad, it is inevitable that some thought of other ways in which higher ranks. So of course they each higher stage of education

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The Financial Times Limited seeks a journalist for its Business Newsletters department. Proven sub-editing and news-gathering abilities are essential and experience in business and financial journalism highly desirable. A knowledge of European affairs would be an added advantage. Five-day week, occasional week-end shift. Salary negotiable. Self-starters who want to involve themselves in a successful and expanding newsletter operation should write immediately, enclosing a compact c.v., to J. J. Pryor, General Editor, FT Business Newsletters, Bracken House, 10, Cannon Street, London EC4P 4BY.

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Our clients, J. H. Sankey & Son Limited, are very large builders merchants with more than 100 branches throughout the U.K. They wish to appoint a finance director designate to succeed the present finance director when he retires in 1978. The person appointed will play an important role in the continuing expansion of the company.

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Candidates, men or women, must be qualified accountants with appropriate management experience. Age is unimportant, though it is likely that the person appointed will be in the age range 30 to mid 40's.

The position, which entails a fair amount of travel in the U.K., will carry a salary up to £14,000 plus car and normal benefits including pension and life cover.

Write in strict confidence to Douglas Higson quoting ref: M 888/FT.

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Applicants on 25-30 with a good standard of academic achievement, ideally having some experience in

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Candidates, chartered accountants over age 35, should have a balanced experience in financial and costing systems, ideally in manufacturing industry with home and overseas connections. Good travellers, and willing to improve their French. Salary around £10,000. All normal benefits.

Please write — in confidence — to Wallace Macmillan ref. B.31198.

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Following an internal promotion, the Economic Directorate of the Confederation of British Industry has a vacancy for the appointment of Head of the Financial Policy Department.

The work involves the management of a small team concerned with a wide range of economic analysis and advice on financial and monetary policy.

We are looking for someone who has experience of advisory work in this field or has made published contributions to applied or theoretical economics. We want somebody who possesses the ability both to run a small Department and to communicate clearly and effectively orally and in writing. Salary will be around £7,000.

Application forms from Jane Hopkinson, CBI,  
21, Trafalgar Street, London SW1H 8LP. (Tel:  
01-930 6711 ext 5). Closing date 15 August  
1977.

## Construction Industry Training Board (CITB)

## CHIEF EXECUTIVE

Applications are invited for the above appointment

The Construction Industry Training Board was established in 1964 by statutory instrument and the membership includes employer, trade union and education members appointed by the Secretary of State for Employment.

The Board's primary concern is to provide a service to the construction industry in identifying and meeting its training needs.

The Board conducts its operations through an Industrial Committee structure representing the principal interests in the construction industry. The Headquarters are at Norbury near Croydon and there is also a number of regional offices.

The Chief Executive must be able:

- to ensure that the Board and Committees are correctly informed on all aspects of CITB plans, activities and financial matters;
- to advise the Board and its Committees on all aspects of policy, and to co-ordinate the formulation of policy proposals at staff level;
- to manage the staff organisation and ensure effective working relationships with the Board and its Committees and to ensure that staff activities are cost-effective and carried out within approved policies, plans and budgets;
- to develop and maintain good relationships between the Board and external organisations associated with the construction industry.

Candidates should have a real interest in training and a proven record of success over a period of about five years in a senior administrative appointment in a large organisation. A sound appreciation of the special needs of a statutory organisation and an ability to work successfully with representatives of industry are essential.

The post is pensionable and salary will be commensurate with the experience of the responsibilities described above and with the candidate's experience.

Please write giving details of age, education, qualifications, career experience and current salary to Leslie Kemp, Chairman, Construction Industry Training Board, Hill Croft, High Street, Heathfield, East Sussex. Applications will be treated in strictest confidence.

**FINANCIAL CONTROLLER - £17,000 plus  
CHIEF ACCOUNTANT - £14,000 plus**

**ZAMBIA**

These senior appointments are within the Anglo American Corporation Group's interests on the Copperbelt.

We are looking for men with a minimum of ten and five years' post-qualification experience to be responsible for the accounting function and to be vital members of a management team concerned with the overall successful operation of a group of Companies and one of the Companies therein respectively.

Applicants should preferably be aged between 30 and 45 years and be suitably qualified.

Starting basic salary will be not less than K19,000 and K15,000 p.a. respectively which together with terminal gratuity etc. will amount to at least £17,000 and £14,000 p.a. (UK £1,607.20p June 1977).

Furnished housing and car are provided and other benefits and conditions are excellent. Zambia enjoys an almost perfect climate and recreational facilities are plentiful.

Please apply giving full details to:

Director  
c/o Mrs. M. E. Coombes  
Board International Limited  
Furnival House  
14/18 High Holborn  
London WC1V 6BX  
Reference No. 11

JK/101/5/2

## CHIEF ACCOUNTANT

Age 25-30  
West London £6,000

subsidiary of a major public group, our profitable client turns over more than £1 million manufacturing sophisticated industrial electronic equipment.

Supervising seven staff and reporting to the non-Executive Manager, the Chief Accountant will be responsible for the entire accounting function. Systems are mechanised with opportunities for further sophistication. He or she will take key role in the management of this interesting company, attending board meetings and presenting management information.

Applicants should be qualified accountants from a profession or in industry. Please telephone write to Graham Webster, A.C.A., M.B.A. Ref: 1/1583.

EMA Management Personnel Ltd.,  
Burne House, 88/89 High Holborn,  
London WC1V 6LR.  
01-242 7773

## Thomas Cook

### Management Accountant £8,000 p.a.

Thomas Cook - a subsidiary of the Midland Bank - operate a worldwide travel and banking business with offices in 80 countries and a gross turnover approaching £2,000 million. The continued expansion of our banking division demands a sophisticated management approach. An accountant is required to lead the development of management information systems on an established computer basis and to participate in the management team. Applicants should be qualified accountants, male or female, with at least three years' experience in industry or commerce and must be able to demonstrate a real understanding and experience of the role of the management accountant in business.

The appointment is Peterborough based and a distance will be given with removal expenses. Please write with C.V. or for an application form to: Group Chief Accountant, Thomas Cook Group Ltd., D. Box 36, Peterborough, PE3 8SB.

## ANT MANAGER UTILISATION PROJECT

owned operating company seeks Plant Manager for large gas gathering and L.P.G. recovery project

Plant Manager should have a minimum of ten years' operational and management experience in gas gathering and compression, onshore gas and product terminating operations.

Responsibilities will include reviewing final engineering, operations and maintenance planning and managing start-up and operational phases.

Residence in Houston followed by residency in

base salary and overseas allowances are offered and your resume in complete confidence to the Ops (Dubai) Ltd., 9, Upper Grosvenor Street, W1 8PA, England, for the attention of Mr. R. P.

## TRADE FINANCE INTERNATIONAL LTD.

A new company with substantial capital being formed in the trade finance international trade requires an

## OFFICE MANAGER

Candidates will ideally have experience of an export finance or a major exporting company and should be fully familiar with D procedures, shipping documents, banking practice and Euro currency operations.

Full involvement is the requirement in all spheres of the company's business which for the right person will lead to a salary negotiable in the region of £7,000 p.a. and an exciting career opportunity.

Brief but comprehensive career details to date together with current salary should be sent c/o Box A.6030, Financial Times, London, EC4P 4BY.

## URANT £6,500 plus

CITY

insurance company requires an accountant in its accounts department with particular responsibility for systems improvement, accounts, returns and management reports. Ideally should have first-hand experience (of greater than a formal qualification) with the company. The job offers scope for it and control of staff. Preferential facilities and non-contributory pension.

Hoare, Rice Court, CAA 38Y, 3 1886.

**Career plan**

Personnel Consultants

## Senior F/X Dealer

International Merchant Bank

Our Client has earned its prominent position in the City of London's dealing fraternity by dint of a proven reputation for the quality and efficiency of its market activity. A rare opportunity is now available to a versatile and proficient technician aged mid/late 20's to join the bank's vigorous yet professional team. Ideally

with a real proficiency in exchange & deposit dealing, the successful applicant can look forward to developing both expertise and career with this market leader. If your ambition matches your background, experience and potential, do not hesitate for a moment to...

Contact Norman Philpot in confidence on 01 262 1537

NPA Management Services Ltd.

23, Sholdham Street, London W1

## Foreign Exchange Manager

Singapore

Our Client, a UK based International Merchant Bank of impeccable standing, requires an accomplished senior dealer to control and develop further its established dealing activities at its Singapore branch. To qualify for this challenging and rewarding career opportunity, Candidates will be married and aged 28-32, with an in-depth knowledge of all facets of the foreign exchange and deposit markets.

The combination of a highly competitive salary and a benefits package which includes free housing and generous living allowances, will be more than sufficient to attract dealers of high calibre wishing to develop their expertise in line with an increase in their standard of living.

Contact Norman Philpot in confidence on 01-262 1537

NPA Management Services Ltd.

23, Sholdham Street, London W1

## Key Finance Opportunities

Engineering Industry West London

Our client, a highly profitable division of a major British Engineering group, is re-locating its Headquarters functions to West London. As a result of this change of location, coupled with a major expansion programme, the following key posts urgently need to be filled.

Accounting Development Manager  
(Ref ADM)

Accounting and Treasury Manager  
(Ref ATM)

Profit and Cost Analysis Manager  
(Ref PCA)

Divisional Expense Controller  
(Ref DEC)

To create, maintain and review the development of accounting systems both in outline and in detail to ensure they meet desired criteria and priorities. To oversee the installation of systems and to monitor the progress of systems during development and in operation.

To prepare all Divisional Consolidated accounts, control cash and banking arrangements. To ensure that all company taxation is given careful consideration and maximum gain secured within the various possibilities of company taxation. To maintain adequate Insurance Cover.

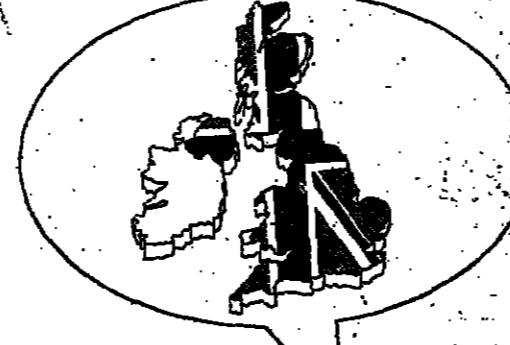
Candidates must have a good background in accounting and costing, preferably down to plant level; specific experience of profit and cost analysis in a manufacturing company at Group or Divisional level. Good communicating skills (both verbal and written) and have the ability to assume a more senior position.

To prepare annual operating and capital plans. To control headcount and materials in order to maintain existing budgets; to review and improve areas of financial control relating to authorisation of expense, cheque requisition, cash floats etc. To prepare periodic management and statutory accounts and ensure that all audit queries are satisfactorily resolved.

All jobs are open to men and women and the remuneration package will be attractive to candidates of the right calibre. To apply, either send a Curriculum Vitae or telephone for an Application Form, quoting the appropriate reference. At this stage, all approaches will be treated in the strictest confidence.

Cambridge Recruitment Consultants  
9 Brunswick Walk, Cambridge, CB5 8DH.  
Tel: 0223 311316.

## Accountants



### More say in the Nation's business

Today, national business problems are more pressing and more complex than ever before, and economic planning and control are seen as fundamental to future prosperity. For the accountant in Government Service, this situation means an increasingly influential voice in national decision-making — and much more demanding responsibilities.

For example, the responsibility for tackling major financial issues in the key areas of Industry, Energy, Prices and Consumer Protection and Trade, falls to a central accountancy service. Here, the work of accountants ranges from studying restrictive practices to controlling energy supplies, from assessing company viability to negotiating European Community law. And when it comes to deciding action, their work carries a great deal of weight — more weight than many private sector accountants can expect at any stage of their career.

Candidates, preferably under 40, must be commercially-minded Chartered Certified, Cost and Management, or Public Finance Accountants. Professional office experience is highly desirable.

These vacancies are in London. Appointments are pensionable and can be permanent, for a fixed period, or (in appropriate cases) on secondment terms.

Starting salary will be within the range £4490-£5885, according to age and experience. Promotion prospects to £3400 and above.

For further details and an application form (to be returned by 19 August 1977) write to the Civil Service Commission, Alconcon Link, Basingstoke, Hants, RG21 1JB, or telephone Basingstoke (0256) 685561 (answering service operates outside office hours). Please quote ref: G/24/5921.

DEPARTMENT OF INDUSTRY

## ICFC

### Can you appraise a business?

Industrial and Commercial Finance Corporation, a major arm of Finance For Industry Limited, is the leading provider of long-term finance for small and medium sized companies. We now have an unusual opportunity for people with industrial experience and financial acumen to join us as Investigating Accountants or Industrial Advisers.

**INVESTIGATING ACCOUNTANTS** are called upon to examine any aspect of the financial affairs of a company. They must be qualified Accountants with at least five years' relevant post-qualification experience either in industry or in professional practice and be knowledgeable in the field of cost and management accounting as well as in financial accounting and taxation.

#### INDUSTRIAL ADVISERS

appraise the overall position of companies — their markets, their products and the capability of their managements. They should have at least fifteen years' management experience, a good degree or equivalent professional qualification and detailed knowledge of at least two industries.

Both appointments require the ability to work to tight schedules in formulating reasoned judgments and writing cogent and incisive reports.

Salaries will be attractive to high calibre people, a car will be provided and assistance with house purchase is available.

The posts will be located in Solihull and, if necessary, relocation costs will be met.

Please apply in confidence with details of experience, qualifications and present salary to:

J. H. Davie, Personnel Manager,  
ICFC Limited, 91 Waterloo Road, London SE1 8XP

## CHARTERED ACCOUNTANT

### EUROPE

U.S. based, rapidly growing (\$10,000,000 turnover per year) international research and analysis company requires chartered accountant to assist European Head Office in monitoring and auditing international offices and operations. He or she will perform the activities of an accountant for the several CACI international offices in London and on the continent. The selected individual will report to the Accountant for International Operations. Must be willing to travel at short notice, have strong accounting background and experience in corporate procedures.

Interviews will be conducted in London in early August.

Please send confidential resume and detailed salary history to:

David N. Lew, B.A., A.C.A.,  
CACI Inc.-International,  
30 St. George Street,  
London W1R 9FA

## Financial Controller

Major International Catering Corporation

Salary \$17,000 - General Benefits - Cairo Based

We are a leading American Corporation with world wide interests in Hotel-Restaurant operations, Industrial and In-Flight Catering. Due to expansion, we have an immediate requirement for a Financial Controller, who will be reporting directly to the Vice President, Middle East.

You are a Chartered Accountant, age 30+, and seeking to further your career as a member of management. You are positive, numerate and highly profit orientated, currently in a management position and with a minimum of 5 years industrial experience, covering all aspects of financial control and accounting.

Salary will be \$17,000 + generous housing allowance, paid education fees for children where applicable, with one paid vacation to the U.K. per annum. This appointment is on a 2 year renewable contract.

Please write with full curriculum vitae to render an application form unnecessary, to Mrs Sara Carr, Personnel Manager.

 **Marriott IN-FLIGHT SERVICES LIMITED**  
FAGGS ROAD FELTHAM MIDDLESEX

## FINANCIAL DIRECTOR

This important appointment is available with a large manufacturing concern specialising in Ralpwear. The position carries enormous administrative responsibility including the day-to-day financial control of a number of factories. Only applicants with first-class record in terms of general financial management will be considered. Outstanding salary for this very important post.

Please write in strict confidence to Box A.6028,  
Financial Times, 10, Cannon Street, EC4P 4BY.

## ST. CATHARINES COLLEGE, CAMBRIDGE

### BURSARSHIP

The College is seeking to appoint from 1st January, 1978, a full-time Bursar, who would be required to serve for the first year as Domestic Bursar only but would thereafter take over all bursarial functions. The office will carry a Fellowship with it. The salary will be that of a Reader in the University (currently £7,951).

Applications, including a curriculum vitae and names of two referees, and requests for further details, should be sent to the Master's Secretary, St. Catherine's College, Cambridge, CB2 1RL.

## SOLICITOR

A National Development Company specialising in Housing, Shops, Offices, etc. requires a Solicitor to take charge of the Legal Department. The position will embrace the Company's Legal Work, Conveyancing of all Residential and Commercial properties, Land acquisitions, etc.

A good Salary, Company Car, Pension Scheme, B.U.P.A., etc., will be offered and the position is located at Gerard's Cross, Bucks. Solicitors with experience in this field within the age group 30 to 45 years are invited to apply in full confidence. Please apply in writing to Chairman, Box A.6029, Financial Times, 10, Cannon Street, EC4P 4BY.



rapidly expanding London Company manufacturing and marketing consumer products seeks full-time or part-time

## FINANCIAL ADVISOR/MANAGER

assist active board of directors with financial and general policy making, import/export and foreign exchange problems. und Commercial background and well-established City connections essential.

substantial remuneration (with possible fringe benefits) for the right applicant.

tailed particulars in confidence to Box A.6038, Financial Times, Cannon Street, EC4P 4BY.

### Management Accountant

London WC2 c. £7,000 + Bonus

Rhodia UK Ltd, the UK Sales Company of the Rhodia Group has a vacancy for a French speaking Accountant. Reporting to the Financial Director, the appointee will be responsible for developing a computerised costing system and terminal link up with Head Office in Sales contracts.

Additionally the Accountant will be responsible for the day running of the Accounts Department.

The successful candidate will be a qualified accountant (under 40) with knowledge of computerised accounting systems.

Telephone Eileen Cheng, PPER, 01-235 7030, Ext. 224 write to her at 4-5 Grosvenor Place, London SW1.

**PER** PROFESSIONAL and EXECUTIVE RECRUITMENT

Vacancy is open to male or female candidates.

### VAGE & HEATH (STERLING) COMPANY LIMITED

ove company has vacancies for inter- C.D. and commercial deposit dealers.

cations must be addressed in writing to Company Secretary, Savage & Heath Company Limited, Lee House, London, London EC2Y 5AU.

### ROUP PENSIONS MANAGER

(Designate)

roup Secretary of Initial Services Limited wishes to a Secretarial Assistant capable, within a short period of being appointed Group Pensions Manager, to present a pension scheme, which is an insured arrangement, a membership of around 2,000 with 400 pensioners, to consultation; which is already taking place with f and their representatives, it will be used to contract f out of the new State Scheme in 1978.

ates must have a good education and be able to communicate effectively at all levels. A sound working knowledge of pensions legislation is desirable. Age is not critical; it is currently held by a 26 year old graduate Secretary but an older person could be expected to provide a longer term stability for this important Group

ing salary will be negotiable, according to age and experience.

Please reply with all relevant details to:

G. M. H. Walker,  
Group Secretary,  
Initial Services Limited,  
300 Goswell Road,  
London ECTV 7LU.

This position is open to Men & Women.

### THE FIDELITY BANK

**LONDON BRANCH**  
credit analyst to join a small team in responsible for the analysis of corporate, re-country-risk credits. Candidates recent university graduates with a of one year's experience in credit Knowledge of at least one foreign is desirable. An attractive salary and benefits are offered.

e Mrs. Harley on 283 8241 during office

### ROUP ACCOUNTANT

Folkestone el and hotel company with a continuing and turnover approximately £14 million. Staff 400.

ment is designed to strengthen the account in the group. Salary will be competitive and with the importance of the position; and s include a car and non-contributory pension G.A. qualification and experience in a fast company essential and in a service industry 30-40.

in confidence with curriculum vitae to John e, Stowting, Ashford, Kent.

### COCOA/COFFEE

d floor trader required by established company. Please write in confidence to Financial Times, 10, Cannon Street,

FINANCIAL

ADVISOR/MANAGER

assist active board of directors with financial and general policy making, import/export and foreign exchange problems. und Commercial background and well-established City connections essential.

substantial remuneration (with possible fringe benefits) for the right applicant.

tailed particulars in confidence to Box A.6038, Financial Times, Cannon Street, EC4P 4BY.

COMMODITY  
CREDIT  
SOLVENTS  
ADVISORS

International Business Specialists  
for the Commodity Markets

On behalf of clients we require  
Sales Representatives & Traders, Com-  
modity Traders, Sales Executives, Sales  
Representatives, Traders Traders  
For U.K., U.S.A. & Hong Kong.

01-439 1701

### DYNAMIC AND DETERMINED MANAGER

Required to improve existing rate of expansion of ambitious Plant. Hiring of new premises is imminent due to opening of branches and further infusion of ideas and energy is needed.

Write Box A.6038, Financial Times,  
10, Cannon Street, EC4P 4BY.

### Quilter Hilton Goodison & Co

#### ANALYST

Required to join the research team supporting our Private Client business. Successful applicant will be responsible for covering a small number of market sectors and will have ample scope for influencing investment decisions. Graduate preferred, with 2-3 years analytical experience (knowledge of consumer sectors could be advantageous).

#### Remuneration and Prospects

Attractive salary and fringe benefits;

Apply to Staff Partner,  
31-45 Gresham Street, London EC2V 7LH

#### Leading manufacturer of:

#### DATA ENTRY SYSTEMS AND COMPUTER PERIPHERALS

with sales and service centres throughout Europe and the U.S.A. offers the following exciting career opportunity:

#### PRODUCT MANAGER

Responsibilities cover business development through new and enhanced product introductions and guidance to our international sales force.

Applicants should have at least five years' experience of selling small- or medium size computers, preferably System-3, and a well-developed flair for producing sales policies, product guides and other marketing support literature—languages and engineering backgrounds would be distinct advantages.

Please send details to:

DECISION DATA, 62 London Road, Staines TW18 4HR.

 DECISION DATA

### Commodity Finance Officer

A major international bank is seeking an experienced, highly motivated corporate lending officer. Applicants must have a good background in accounting or financial analysis, with a minimum of three years' experience in financing London commodities companies. Familiarity with bank operations and a thorough knowledge of the financing requirements of commodities companies are essential. The ideal candidate will have a university education and be 25-35 years of age. Remuneration will be competitive and in line with the candidate's previous experience.

Send full career details to Box A.6039,  
Financial Times, 10, Cannon Street, EC4P 4BY.

### STOCKBROKERS

### ACCOUNT EXECUTIVE

Leading Stockbrokers require an Account Executive for their Bank Department. Applicants should have some years' experience of giving investment advice to clients, a wide spread knowledge of Stock Exchange securities and practice, and be able to help in instructing trainees. Salary negotiable, with profit share and non-contributory pension.

Please write in confidence to: Box A.6037, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY.

### ASTLEY & PEARCE LTD.

#### REQUIRE AN EXPERIENCED DEALER FOR THEIR STERLING COMMERCIAL DEPARTMENT

Salary negotiable.

Please reply in confidence to:

The Managing Director,  
19 St. Swithin's Lane, EC4.

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#### REQUIRE AN EXPERIENCED LOCAL AUTHORITY DEALER

Salary negotiable.

Please reply in confidence to:

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### SALES ORIENTATED GROUP DIRECTOR

Required to strengthen management of London-based private group of Companies operating in liquid Packaging and Commerce. First class client aware applications from part and fully qualified people at all levels.

Ring: Rob Miles for an immediate interview on

01-628 2691

### DRAKE ACCOUNTING

Excellent opportunities for professional accountants in the retail and manufacturing fields. Turnover £1.5m per annum. Salary subject to qualifications and experience. Profit sharing, right person.

Write: Mr. D. J. Drake, Financial Times,  
10, Cannon Street, EC4P 4BY.

### Finance Manager

Saudi Arabia

£20,000  
Tax Free

British public company, providing a wide range of services and with an impressive growth record, seeks a Manager to set up and control a new and important operation in Riyadh, responding directly to the local Director of Operations. A two year contract will be followed by other senior posts in the U.K. or elsewhere.

Candidates, probably aged 35-45, will be qualified accountants or FCIs, presently in general management or in senior financial positions. Administrative skills, negotiating ability and powers of leadership are essential qualities. Salary is negotiable around the sterling equivalent of £20,000 plus free furnished accommodation and other significant benefits including substantial educational allowances.

For a fuller job description write to Mr. W. Agar at John Courts & Partners Ltd, Selection Consultants, 78 Wigmore Street, London W1R 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 2018/FT. Applications will be treated in the strictest confidence.

### JC&P

### EUROPEAN FINANCIAL ANALYST

U.S. firm, specialising in financial corporations, plans expansion of its European bank research team. Present thrust is investment and credit analysis on Continental banks and banking systems.

The applicant should be aged 25-40 and be fluent in at least one of the following languages: German, French, Italian. Past experience of analytical work is essential.

The post requires an ability to interview management at the more senior levels and to produce individual reports on banks and national banking systems.

The successful applicant should be prepared to work as part of a small team and be closely involved in its development.

The initial salary for this post is likely to be in the £8,000-£11,000 range and opportunity exists for promotion within a short period.

Write giving details in confidence to Box A.6034, Financial Times, 10, Cannon Street, EC4P 4BY.

### Lloyd's Non-Marine Underwriter

A leading, privately-controlled Managing Underwriting Agency at Lloyd's, with a record of first class results plans to start its own Non-Marine Syndicate and is seeking an Underwriter with proven experience at Lloyd's. The successful applicant may at present be a Deputy Underwriter at Lloyd's or underwriting for a company having previously gained several years' experience at Lloyd's, and would need to show considerable ability. The initial salary envisaged is a minimum of £15,000 as well as a substantial share in the new operation. Premium capacity available for the 1978 Account estimated at a minimum of £1 million. Apply in confidence to JED, Neville Russell and Co, 30 Artillery Lane, E1 7LT. 01-377 9733.

### APPOINTMENTS WANTED

### LEGAL NOTICES

THE COMPANIES ACT 1948 to 1977  
NOTICE IS HEREBY GIVEN, pursuant  
to section 111 of the Companies Act 1948, that a Meeting of the Creditors of  
THE COMPANIES OF CREDITORS LTD.  
London EC2A 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528,

## PARLIAMENT and POLITICS

# Minister aims for high direct labour standards

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to publish a consultative document on the provision of a "modern statutory framework" to control the direct labour departments of local authorities. Mr. Reginald Freeson, Minister for Housing and Construction, told the Commons yesterday.

This would be followed by a circular to local authorities requiring them to achieve the highest possible standards of efficiency in direct labour organisations (DLOs).

It was also the Government's intention that there should eventually be comprehensive legislation on the scope and activities of DLOs, and this would cover charging, accounting and tendering procedures.

Mr. Freeson said that this autumn he hoped to have reports from his departmental working party on DLOs and would then be having discussions with interested parties on the nature of the legislation which would follow.

His remarks came as the Commons considered Lords amendments to the Local Auth-

orities (Restoration of Works out by a majority of 61 (261-200). Powers) Bill which permits local authorities to use their beach, Mr. Michael Morris (Northampton S.) complained that the Minister was giving the work for other neighbouring authorities. The need for this 25 local authorities a "blank cheque" and that the Liberal Party appeared to be going along with the Government.

This came at a time, he said, when at least one Press report had said that a district auditor had had to call in the police to investigate direct labour operations.

Mr. Morris found the Liberal decision to support the Government "astonishing". Only this week, he said, the Liberal leader had written to the National Federation of Building Trade Employers saying that his party supported the Lords' provisions.

Another Conservative front bench, Mr. Keith Speed (Ashford) urged that the amendments should remain in the Bill because there was little chance of the Government bringing forward comprehensive legislation before the next General Election.

This could mean that the legislation would not be on the Statute Book until 1980.

### Tories warn on land shortage

Financial Times Reporter

CONSERVATIVE MP'S warned yesterday about a "desperate shortage of land" with the consequent risk of a dramatic increase in house prices. They were particularly critical of the workings of the Community Land Act.

Stressing the need to pass the Bill before tomorrow Lady Birk assured Lord Gifford: "If there is abuse of it, we will have to deal with it. We shall be monitoring the situation very carefully and we are ready to act if required."

But she added that it would be folly of the utmost order to jeopardise the benefits this Bill can bring to the homeless by letting what will turn out to be exaggerated fears overturn our common sense."

The Bill was given a third reading and passed.

### Otter protection

THE GOVERNMENT is "disposed to give" statutory protection to the otter in England and Wales. MPs were told yesterday.

Mr. Kenneth Marks, Environment Under Secretary, added that the necessary consultation would begin immediately.

In a common written reply, he said that the Nature Conservancy Council had warned that the otter had become so rare that its status as a British wild creature was endangered in some parts of the country.

### Redemption Notice

#### Hamersley Iron Finance N.V. 9½% Guaranteed Debentures Due 1985

Unconditionally Guaranteed as to Principal and Interest by  
HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1970 under which the above-described Debentures are issued, Citibank, N.A. (Formerly First National City Bank), as Trustee, has selected for redemption on September 1, 1977, (the "Redemption Date") at the principal amount thereof ("the Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, \$1,000,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES	\$1,000 PRINCIPAL AMOUNT OUTSTANDING
1 1254	2354 4483 4491 5618 6227 7291 9072 10265 11688 12705 14633 16067 17413 18903
14 1287	2354 3461 4494 5620 6633 7798 9093 10260 11675 12727 14673 16074 17425 18904
85 1315	2354 3461 4495 5623 6635 7799 9094 10261 11676 12728 14674 16075 17426 18905
89 1340	2415 3515 4499 5620 6635 7823 9164 10265 11677 12729 14693 16140 17425 18907
108 1354	2415 3515 4499 5621 6635 7824 9165 10266 11678 12730 14694 16140 17426 18908
167 1387	2505 3568 4527 5719 6777 7934 9220 10418 11794 12828 14858 16209 17623 18909
169 1389	2505 3568 4527 5719 6777 7934 9220 10418 11795 12829 14859 16210 17624 18910
224 1541	2511 3603 4749 5762 6865 7988 9205 10428 11921 12888 14870 16250 17650 18912
265 1565	2547 3603 4750 5846 6865 7989 9206 10429 11922 12889 14871 16251 17651 18913
319 1571	2556 3651 4788 5951 6925 7989 9207 10437 11923 12890 14872 16252 17652 18914
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The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the WCC-Corporate Bond Services Department of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street—2nd floor, New York, New York 10015 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt (Main), Geneva, London (Citicbank House), Paris and Citibank (Belgium) S.A. and the main office of Banque Générale du Luxembourg S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with a bank in The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due September 1, 1977 should be detached and presented for payment in the usual manner.

FOR HAMERSLEY IRON FINANCE N.V.  
By CITIBANK, N.A.  
Trustee

# Minister aims for high direct labour standards

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to publish a consultative document on the provision of a "modern statutory framework" to control the direct labour departments of local authorities. Mr. Reginald Freeson, Minister for Housing and Construction, told the Commons yesterday.

This would be followed by a circular to local authorities requiring them to achieve the highest possible standards of efficiency in direct labour organisations (DLOs).

It was also the Government's intention that there should eventually be comprehensive legislation on the scope and activities of DLOs, and this would cover charging, accounting and tendering procedures.

Mr. Freeson said that this autumn he hoped to have reports from his departmental working party on DLOs and would then be having discussions with interested parties on the nature of the legislation which would follow.

His remarks came as the Commons considered Lords amendments to the Local Auth-

# Labour bitterness persists over size of Maudling vote

BY RUPERT CORNWELL, LOBBY STAFF

their tactics as soon as the Select Committee's findings were published. According to this theory, Mr. John Corrie, the MP most seriously censured, was virtually thrown to the wolves and leant upon to resign as he did last Friday—in order to save Mr. Maudling.

Indignation was fuelled fur-

ther last night by the Select Committee's findings, supported by 19 Tory MPs, declaring their lack of confidence in Mr. George Strauss, the Father of the House.

It was Mr. Mr. Maudling who had sponsored amendments on Tuesday urging that the two MPs be suspended for six months. In the event, these were resoundingly defeated, in Mr. Maudling's case by 324 votes to 97 and, in Mr. Robert's by 329 to 78.

In broader terms, the whole episode has strengthened the resolve of many MPs that the rules governing outside interests at Westminster must be overhauled. Clearer guidelines, they argue, must be produced to prevent any repetition of Tuesday's proceedings.

With the end of the session less than 48 hours away, it is unlikely that the hubbub will continue very long. But a handful of Labour MPs, led by Mr. Willie Hamilton, who unsuccessfully put down an amendment seeking the ultimate sanction of expulsion, intend to take the issue up to-night's adjournment debate.

Opponents of the proposal abstained from the Commons early yesterday morning in a bid to ensure that there would be less than the required 40 MPs taking part in the division.

Voting, in fact, was 37 to 167, with four tellers, a quorum was assured.

Anti-broadcasting MPs were, however, successful in delaying a motion giving the Joint Committee on Broadcasting power to delay the use of the powers in the Bill to "any significant extent in working surface aggregate minerals otherwise than in association with the working and getting of coal."

Mr. Eadie stressed that the assurances given by the Coal Board and the Government were that the bulk minerals industry was currently working well below capacity.

While demand for aggregates remained well within the capacity of the industry, the Board

sought to retain in the Coal Industry Bill a Lord's amendment imposing limitations on the Board's exercise of the powers.

The amendment, which would have required the Energy Secretary to have regard to the overall demand on the capacity of the mineral industry and to withhold approval from the Board for the exercise of its powers unless satisfied that it was doing so,

Mr. Barnett complained that the Act only made land available for industrial development on 99-year leases basis and this was causing problems in the financing of the project.

Mr. Barnett

## The Marketing Scene

## he ad. spend marks time

MICHAEL THOMPSON-NOEL

SAME WEEK as figures Advertising Association that U.K. advertising last year rose by £220m to £1.2bn, Media Expenditure has produced a of the top 50 advertisers for the period July, June, 1977 which shows us Wynne Williams has J. Walter Thompson at the top of the perch, the new No. 1, produced of £44.8m, in the 12-month period in which edged it past £44m.

the AA's figures, which total advertising last year reached or £109 per cent of (upped with 1.03 per previous year) and 1.62 of consumers' expendi- 53 per cent).

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These figures give the too much to cheer commenting on them in their issue of Advertising Harry Henry, who is of the AA's statistics party, says that the in- £220m, in advertising last year over 1975 for the three essentially 'new' media: directors (basically, Yellow Pages) rose by 55 per cent to £31m, and freesheets by 32 per cent to £25m, while in can be seen as made radio almost doubled, to £21m.

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## FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telegrams: Finantime, London PS4. Telex: 886341/2, 883897  
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Thursday July 28 1977

## Cutting free from the \$

THE POUND rose sharply yesterday part of its economic policy, against the dollar yesterday part of its economic policy, when the Bank of England could not be achieved. But there has been no such abandonment of its policy of holding the exchange rate at around large outflow. It may be that the \$1.72. There are probably two foreign observers were never so main reasons for the timing of Phase Three as this change of policy. The first the Government or so impressed was the announcement yesterday by the importance of reaching a pay agreement which would probably not be observed in principle. It may be that the maintenance of a fairly tight monetary policy, combined with the fact that the balance of payments is now moving into comfortable surplus on current account, actively helped to discourage an outflow—at least for the time being. At any rate, one argument in favour of pegging the pound to the dollar has collapsed.

### Still steady

Timing apart, however, the policy had sooner or later to be changed. From the political point of view, the idea of holding the exchange rate steady was a compromise between two contradictory courses. Depreciation of the rate in line with our still relatively rapid inflation would help to maintain the competitive position of U.K. manufacturers in export markets. Appreciation of the rate, on the other hand, would reduce the cost of imports and contribute something towards getting inflation under control. Unable to make a clear choice between these alternatives, the Government decided to hold the rate steady.

But the argument in favour of appreciation has become somewhat stronger since the failure of the Phase Three talks made it the more desirable to act on inflationary expectations. At the same time, however, the policy of pegging the pound to the dollar—which has been falling since the U.S. Administration—sounding a more cautious note. Indeed, it is the apparent conflict between official U.S. pronouncements about the unimportance of the deficit and the fall in the dollar's exchange rate which has lately been responsible for the latter.

**Phase Three**  
If one reason for changing exchange rate policy at this time was the unsettling effect on the dollar of the latest trade figures, another was the comparative indifference with which foreign exchange markets have taken the failure of the Government to reach an agreement on Phase Three with the unions. The official reserve of foreign exchange has been rising sharply and may well turn out to have risen sharply again during July. One reason given for tolerating so large an inflow, some of it inevitably consisting of volatile funds, was that a large outflow might take place on the aim will be to hold it if continued voluntary wage restraint, which the Government general, not just one.

## Targets for the State sector

THE TURNROUND in the fortunes of the nationalised industries is likely to be the prime focus by the latest crop of vestment policies. In that annual reports. The Post Office of situation, financial targets announced a record rate of profitability yesterday and so did such situations are British Gas on Tuesday. Today relatively rare in the nationalised sector. Most boards will be the turn of British Airways and the electricity supply boards in England and Wales: both sectors are expected to show greatly improved results. Between them these four industries, together with coal and steel, whose reports appeared last week, are likely to have fallen into the category of non-dominant suppliers.

Where, on the other hand, a State industry has a monopoly or dominant market power it is in a position of being able to raise its prices sufficiently both to meet its target and to generate substantial funds for investment. This applies as a percentage return on turnover or capital employed, as a rate of self-financing, or even as an annual cash limit on external financing.

The most obvious example is probably the Post Office, whose telecommunications business is now earning over 6 per cent on net assets at their current replacement cost.

### Preventing abuse

To guard against abuse, a White Paper ten years ago proposed that the State boards should base their pricing policies upon long run marginal costs, apply a test rate of discount to their investment projects, and be required to achieve various performance as well as financial targets. But, as a NEDO report last year noted,

Bradbury is incensed at what he sees as the vexatious, discriminating and essentially undemocratic nature of such legislation and his company's economic retaliation move aims firstly at registering a protest and secondly at recouping the several hundred pounds of Void Rates outstanding.

Any orders coming from Richmond will henceforth be referred back to the customer with an explanation of the reasons why the special "Richmond tax" will apply.

Bradbury could not quantify the volume of business done with Richmond in the past but he pointed out that his company did enjoy a monopoly situation in certain fields. If Bradbury, the merchant banking peer approach.

# Pause for second thoughts on Bullock

BY JOHN ELLIOTT, Industrial Editor

THE battle over the Bullock Dell favours) or the Bullock and, since there has been no arrangement is one of the dis- among union leaders, there have been no great pressures on the part of "green edged" areas of the draft White Paper. The TUC and the Government other is the main issue of difficulty to adopt negotiating stances and concerns the and come to a workable common decision and the promise. Instead, only three Ministers to delay until the TUC and Ministers are still trying to resolve because Ministers year's TUC battle in Whitehall, are determined that non-unionists must not be totally excluded.

This package means that line the rift among private stanch opponents of the Bullock concept, including those who see it solely in terms of the growth of unconstructive trade union power, can be pleased that the Bullock Report has been watered down, that helped Mr. Jones behind the scenes and, with him, was a member of the Bullock Committee; and Mr. Len Murray, who sees value in worker directors as part of a broad industrial democracy concept of unions sharing in the running of the country's economic and industrial affairs.

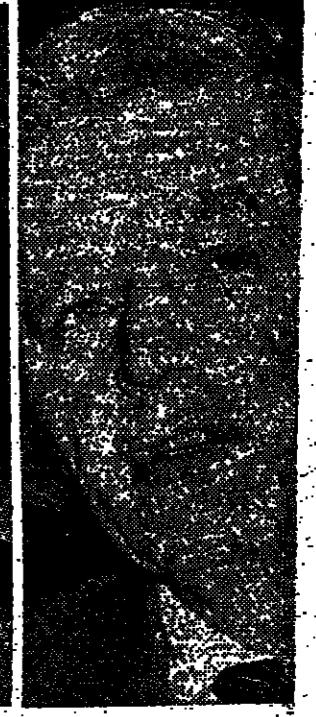
Outside the union movement there has been general opposition. Few people have believed that union bargainers would change into German-style co-operators once they reached the Boardroom and, as a result, most Ministers looked on the Report when it was published with embarrassment and found little to say in its favour, although some see it as a potential (if troublesome) path to industrial reform. It was immediately attacked in one of the most vitriolic and determined campaigns ever mounted by Britain's industrialists.

In such a situation it was easy for the CBI to make its voice heard in Whitehall and, by early spring, it had reached an informal understanding with Ministers which was to be built on later when the Government's precarious Parliamentary situation made the Liberal MPs and their opposition to union-based schemes a significant factor in the discussions.

It is indeed much harder now to be seen as having greater validity at a time when the unions' annual conferences are taking one step back from permanently shouldering the responsibilities of their social contract relationship with the Government and the Grunwick affair is showing some aspects of trade unionism (and the extreme political activists who hang around its fringes) at its worst.

First there would be a run-in period of about three years, during which participation below Board level would be built up. Then there would be when the social contract was a statutory right, vested in the stronger, for Bullock supporters to find a platform on which to advance their ideas for giving union representatives new procedures, would give responsibilities. They can rely only on the fact that there were legislation pledges in the 1974 Labour Party general election manifesto, that there have been Ministerial (and Prime Ministerial) promises to honour these pledges, and that (however employees to have the same number of seats as the shareholders in what is normally a "agreed objective" for the Inikewarn, many unions may be) the subject is part of the social contract.

In fact, ever since it was published in January, the Bullock Report has had few supporters



Mr. Albert Booth (left): pushing a hard line; Mrs. Shirley Williams (centre); Mr. Edmund Dell (right): taking a more cautious approach.

### Disruptive notion

There will, of course, also be a lot of other people who will still regard the whole concept of giving trade union representatives seats in company Boardrooms as an irrelevant and potentially disruptive notion that will blur the lines of bargaining-based conflict between management and unions, will make management demotivated and inefficient, and will put strains on the role of the unions and their officials and activists which they will not be able to bear. Such a view can be seen as having greater validity at a time when the unions' annual conferences are taking one step back from permanently shouldering the responsibilities of their social contract relationship with the Government and the Grunwick affair is showing some aspects of trade unionism (and the extreme political activists who hang around its fringes) at its worst.

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# Wages policy: a letter to employers

er, last dusters full of combination of rising wages and rising unemployment, with result which we all know too well.

A constant degree of union is different. First, power will not cause inflation to throw it away or even unemployment, but anyone knowing simply mean higher wages for cause. I have no the more organised workers at the expense of the unorganised unlikely to advise or those in weaker unions. The CBI once did, to 1969-70 wage explosion was unitary price cell associated with either increased only paved the way union power or greater use of controls. Nor would existing power, the second alternative being in my view the more plausible. Thanks to some research by Richard Layard and associates and other work reported in a special July issue of the British Journal of Industrial Relations, we know a good deal more about the explosion. Between the middle 1960s and the early 1970s the differential between the 33 per cent of manual workers covered by collective agreements and those of similar qualification not so covered rose from 16 or 17 per cent to about 25 per cent. Even if the percentages are too high, as I suspect, the direction of movement is right. The share of wages in value added in manufacturing rose over the period from about 75 to 82 per cent, and unemployment soared, as workers were priced out of jobs.

and overseas for a time profit-a Labour Chancellor the Budget control and there monetary targets. North Sea oil, but was better. Yet proper economic a recession with an. For the post recovery soon in 1969-70 un-

ion to rise again entered a new regime. Some of the previous Conservative saying that the Government's

return to collective bargaining could not have been handled more badly. Some of runaway inflation on top of your City friends have been saying that the Government's

## Real weapon

The Heath Government responded by boosting monetary demand. This boosted off some of the unemployed for a while at the expense of even higher unemployment later, and a long-term increase in the level of inflationary expectations. Must this piece of history repeat itself?

The return to collective bargaining could not have been handled more badly. Some of runaway inflation on top of your City friends have been saying that the Government's

real weapon against runaway inflation is the control over the quantity of money. But if that is so, Ministers have been pretty quiet about it. Not merely have they failed to explain the monetary side of their policy. Until very recently they were saying that we had to have a Phase Three as monetary restraint by itself could only work in countries where the police were trained in the use of torture. (Ask anyone who heard Mr. Healey at the CBI Banquet.)

You must find all this harping on 10 per cent dreadfully irritating. The Chancellor used to say that 5 or 6 per cent settlements were required to obtain a 10 per cent increase in actual earnings, but he seems to have forgotten that Treasury small print in his statement. So the bidding has started at 10 per cent with drift to come on top. And what negotiator is going to settle for less—ever to preserve jobs?

You are now very much on your own, with all the disadvantages of a pretend-incomes policy and in altogether the wrong psychological environment. If you take your lead from the Chancellor or the CBI and talk in terms of 10 per cent norms I don't rate your chances very high. And as for the public sector giving a lead in restraint, you'll be lucky if it doesn't do just the opposite.

What then is your best chance? Let's go back to the 1969-70 wage explosion. If all union negotiators suddenly decide to make more use of their bargaining power to obtain large increases in real wages, come hell or high water, then a further rise in unemployment is unavoidable, and no amount of "relief" or financial manipulation can prevent it. The only effect of monetary expansion in such

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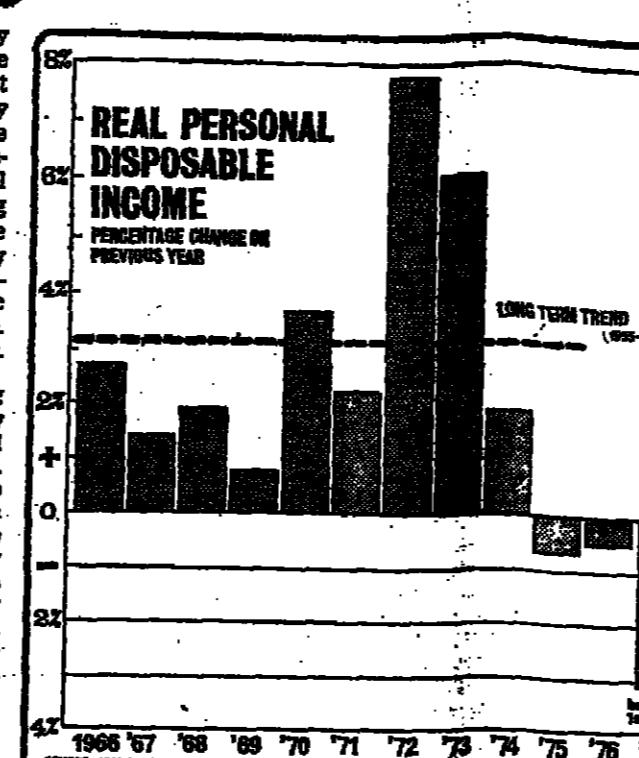
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is more realistic, especially world oil prices and the commodity wage point for point, with every increase in the retail price index. This should be associated with a very low conventional money award. A less drastic alternative suggested by Mr. Richard Layard is a conventional wage increase with a threshold provision. For instance an 8 per cent increase would be agreed, with further increases as soon as the rise in prices exceeded 8 per cent.

Today there is no such external pressure on living standards; indeed North Sea oil is adding a modest but worthwhile amount to our own productive output. The main reason for being cautious, apart from the threat of the unforeseen, is that union negotiators might try to recoup straight away the 5 per cent fall in living standards of the past two or three years.

## Honest terms

Again it would be difficult to blame them because political leaders on both sides have done so little to explain why this fall was necessary. Nevertheless if union leaders are utterly determined to go for unrealistic real wage aims, and a balance of forces in the labour market, it is difficult to see how refusing to index would do any good.

The CBI economists (who are really very good despite what I say about the top level policy of that organisation) to express such a break clause in a statistical form—for instance in relation to the terms of trade.

It need not be all or nothing; and it might require a very bad deterioration to abrogate the retail price link altogether.

You will not enjoy these complications. But it is a choice among evils. At least I have given you something to think about, which does not involve Downing Street meetings, a nation-wide economic consensus, or all the other establishment ideas with which you sometimes have to pretend to agree for the sake of a quiet life.

Yours sincerely,  
Samuel Brittan

*The Effect of Collective Bargaining on Wages L.S.E. Monograph*

## Letters to the Editor

### sed grain

be substantially cut in the major international supplying countries (just as in the late 1960s). And when unfavourable weather hits a large producing region (as it did in 1973), the stocks will vanish again. Supplies will become insufficient and we will face our next food crisis.

The most-studied and obvious

measure to stabilise this cycle

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# COMPANY NEWS + COMMENT

## Beecham may be able to exceed limit

THE TREASURY may allow the Beecham Group to increase its dividend for the current year if Beecham makes "certain financial arrangements in connection with the acquisition of the Calgon consumer products business in the United States," the chairman, Mr. G. J. Wilkins, told shareholders at the annual meeting in London yesterday.

These "financial arrangements" required an increase in the Beecham dividend the chairman explained. While Beecham met the criteria for exemption from dividend controls, it had confirmed that an increase would be allowed under these circumstances. However, Mr. Wilkins cautioned that Beecham was "not yet certain whether the particular financial arrangements on which the Treasury has based its decision can in fact be made" and that it could take some few weeks before Beecham was.

The chairman warned shareholders not to reach any premature conclusion about the prospects. The most he was prepared to say was that hope now existed where there had been none before.

He spent much of the rest of his address criticising the government's handling of dividend, wage and price controls. He pointed out that whereas Beecham's earnings in the last two years had doubled from 23.8p to 47.8p, the dividend had risen only from 8.1p to 8.1p.

Beecham shares rose by 8p yesterday to 48.2p.

See Lex

## Gillet Bros. Discount

Group profits of Gillett Brothers Discount Company for the first half of 1977/78 were considerably greater than those for the corresponding period last year and as a result of a marked reduction in interest rates, have reached an exceptional level.

In the absence of a rising trend in interest rates, profits continued to be good, the directors state.

As forecast, the net interim dividend is 6.6p (4.875p) or 10p gross—a 13p gross final has been forecast.

Last year's dividend total was 12p net or 20p gross.

## Foreign and Colonial revenue rise

For the first six months of 1977 Foreign and Colonial Investment Trust Company reports a rise in pre-tax revenue from £1.02m. to £1.98m. after expenses of £1.34m.

To reduce disparity an interim dividend is announced of 1p net per 25p share compared with 0.85p. Total for 1976 was 2.9p.

Gross revenue was £1.32m. (£2.71m.). Tax took £805,000 (£524,000).

Net asset value per share came out at 205p (179p).

## HIGHLIGHTS

At the Beecham AGM it was disclosed by the chairman that there was some hope of the Treasury allowing the company to increase its dividend in the current year. Pisons has announced the terms of the bid for Gallerkamp which roughly values the company at £27m. Lex also takes a look at the gilt market following the Bank of England announcement on sterling as well as the Accounting Standards Committee's plans to issue a simple guide to inflation accounting. Plessey has started the year on a similar growth track to that of the previous four quarters. Macarthy's, however, failed to meet the mid-term expectations due to some manufacturing problems, but the market seems satisfied with the figures. On the issue front Fitch Lovell is making a 25.3m. rights, while on the trading side there appears to have been a substantial recovery in retailing profits. Hollis Bros. has traded in line with other timber companies.

## Macarthy's second half increase

WHOLESALE AND retail chemists, Macarthy's Pharmaceutical reports a rise in taxable profits for the year to April 30, 1977

from 22.8p per share to 47.8p, the dividend had risen only from 8.1p to 8.1p.

Beecham shares rose by 8p yesterday to 48.2p.

See Lex

## Hollis recovers to £2.2m.

FOR A period which was influenced by the loss of one factory through fire and the closure of another, the directors of Hollis Bros. and E.S.A. consider the year to be a success.

Sales increases, the directors add, have been satisfactory during the first months of the current year.

External sales increased by some 23 per cent. to £3.75m. in an essentially quiet trading period,

the directors say. Price inflation over the whole of the company's sales mix is assessed at about 18 per cent. it is stated.

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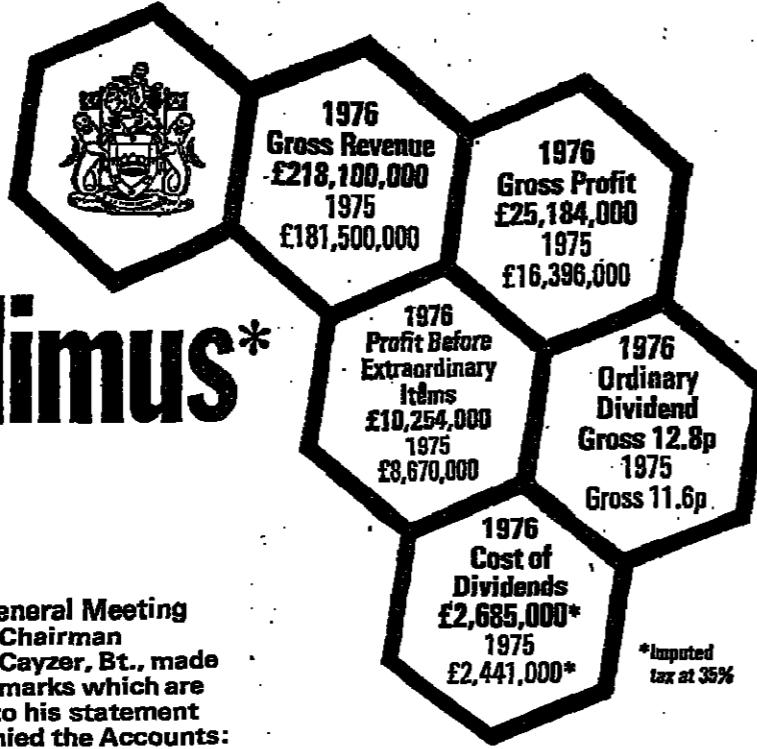
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## THE BRITISH &amp; COMMONWEALTH SHIPPING COMPANY LIMITED



At the Annual General Meeting on July 27th the Chairman Sir W. Nicholas Cayzer, Bt., made the following remarks which are supplementary to his statement which accompanied the Accounts:

While in real terms figures appearing in the accounts, prepared under the historical cost conventions, fail to deal with the serious fall in the purchasing power of the pound over the past three or four years, nevertheless, milestones are still milestones and, in the year to 31st December, 1976, we have achieved record profits and, for the first time, shareholders' funds have exceeded one hundred million pounds.

Although we are dealing with less valuable pounds, I am very conscious of the responsibility put on the shoulders of those entrusted with the task of managing, for the benefit of the Group and all connected with it, gross funds of some £300,000,000. As you are aware, Mr. Lemon retires from the Board following this meeting and Mr. Thomson is changing his role in the organisation. Both have shared the burdens of this responsibility and have made a significant contribution to the present healthy position of the Group.

## Management Ambitions

A reviewer of our accounts posed the question, which I shall paraphrase, is B & C set to become a sort of glorified investment trust, or has it more active management ambitions?

In part, I answered that question last year when I stated that we should not be afraid to seek new opportunities, provided always that only a sensible proportion of our resources is committed and I added, "resources are not limited to finance." This year, in my statement, which accompanied the accounts, I referred to the setting up of a new group management structure. This, I hope, implies a recognition of the need to consider constantly the future development of group resources of which, of course, shipping is a major component.

It would be relatively easy, especially in today's economic climate, to go for the quiet life — to say enough is enough. To liquidate progressively the trading assets and redeploy the proceeds in portfolio investments and, cautiously, to have a spread of investments which covered the shares comprised in the F.T. or other index so that, theoretically, no real blame could be attached to those responsible for the management of the funds.

Such a proposition is not entirely a figment of the imagination for in America suits can be filed against trustees and others for errors of judgment construed as mismanagement. In consequence, there has been a marked swing among investment managers towards backing the index. In my view, this is a complete negation of what business is about. Of course I believe, and will continue to believe, in a sound balance sheet but the truism that a business must either go forward or go back applies equally to those connected with that business. I will deal later with political frustration and personal achievement, but I do not think I overstate the position when I say that progress will come largely from a burning desire to succeed and, while opportunism may prosper for a time, it is likely that, at the end of the day, a combination of commercial judgment, good husbandry and opportunism will secure more lasting benefits. Using our judgment, we have the ambition to conserve and create.

## The Environment

To an important extent, in assessing present and future prospects for an international group such as ours, it is necessary to consider the environment in which we have to operate.

I would first refer to the subtle wars, which are being conducted both at home and abroad. At home it must be evident to any thinking person that we have, in our midst, the wreakers; those who wish to destroy our society. Similarly, but perhaps too late, it will be acknowledged that to follow the road they wish us to tread will lead to the extinguishing of democracy which, through diversity, gives the right of choice and freedom from a central tyranny, which could come about so easily in a corporate state.

Do this, do that, take that — is that really what we want? If we truly believe in equal opportunity do we not mean that given the necessary ability any individual should be able to reach the commanding heights and, if a creator of wealth, should benefit personally from its creation.

We must beware of trying to build a society in which nobody accounts for anything except a politician or official, a society where enterprise gains no reward and thwarts no privilege. These are the words of Winston Churchill and I do not think they are far off the mark.

## Problems Abroad

Abroad, Russian imperialism gathers momentum. It is difficult to accept that a huge army, navy and air force is designed to secure a lasting peace. The whole operation is sinister for a changing world, the battle goes on behind the scenes to ensure, if possible, the domination of an ideology and, to put it no higher than this, the potential threat of force makes the task that much easier.

Angola, Mozambique, Rhodesia, South Africa and South West Africa are areas where the motivation of many of those, or their lackeys, who seek to escalate the various situations has little regard for humanity, but is an attempt to create problems for the West. And problems there would be, for the deprivation to the West of the natural resources, particularly minerals, available from those parts would be the loss of a major battle in our struggle to keep a free democratic society. We must expect change in Southern Africa but, pray God, peaceful change.

It is against this background that a powerful committee of the National Executive of the

## BIDS AND DEALS

Fisons terms value  
Gallenkamp at 357p

After five weeks of talks, where Gallenkamp has little to offer, Fisons has made an agreed bid exposure. A major part of the price is worth £261m. for A. Gallenkamp. A major part of the price is the largest specialist supplier of scientific equipment in Europe.

Talks between the two companies were first announced on June 17 and recommended by the Gallenkamp Board, but the terms now agreed — 3 Fisons shares and £60m. in cash for every four Gallenkamp shares, equivalent to 357p a Gallenkamp share with Fisons down 16p to 310p exceeded market expectations. Gallenkamp rose 20p to 340p.

The offer is also underwritten for cash at 350p a share by Morgan Grenfell, advisers to Fisons, who will purchase for cash new Fisons shares at 300p each. An equivalent offer is also to be made for the outstanding £1.17m. of 7 per cent convertible loan stock which values, on the share and cash offer, the loan stock at about 170p for every £1 nominal. Yesterday the convertible rose by 17p to 185p.

Assuming full acceptance of the share and cash offer the acquisition will involve the issue of 5.35m. Fisons shares and the payment of 19.3m. in cash.

Fisons is also offering 60p in cash for each 4.55 per cent Preference share.

Gallenkamp has had a strong record for many years, with earnings growing at a compound rate of 40 per cent since 1972. In the year to June 30, 1976 it made pre-tax profits of £3.8m., on sales of £23.6m. and at that date net tangible assets were £5.3m.

The acquisition would increase the size of Fisons scientific equipment division sales by over two-and-a-half times creating a new operation with turnover of over £40m. on the basis of figures to December 30, 1976.

While each export about half their sales the two companies are in different overseas markets. Fisons concentrates on the developed world and Gallenkamp on the less developed countries. A number of acquisitions, including Gallenkamp's exports last year.

The product ranges are also separate with Fisons engaged in centrifuges, environmental cabinets and viscometers.

There will be 1m. offered for each at the par value of EC \$1 each. Applications open on August 2.

The company operates a wide range of activities, including department stores and supermarkets, cash and carry food wholesaling, a drug store, boutiques, an automotive business, builders' merchants and hardware.

Consideration for the purchase will be calculated by reference to the net assets attributable to the cocos trading business at the date of completion. Based on the relevant accounts at December 31, 1976 the total consideration would have been in the order of £5m.

BOOKER MCCONNELL SHARE OFFER

Booker McConnell is to invite the public of St. Lucia to take up a 10 per cent stake in its subsidiary, Miniville & Chastanet.

The offer will also be extended to include other countries in the Caribbean.

There will be 1m. offered for each at the par value of EC \$1 each. Applications open on August 2.

The offer has been extended and remains open until August 2.

ALBRIGHT & WILSON FAR EASTERN EXPANSION

Albright and Wilson has acquired for \$1.5m. (£700,000) in cash, Josen Chemical, an unquoted Malaysian company which manufactures thermal phosphoric acid.

The acquisition has the approval of the Malaysian Government on the basis of a 50 per cent participation. It will commence in 1980 and will progressively increase to 49 per cent by 1990.

WIGGINS TEAPE EXPANDS IN BELGIUM

Wiggins Teape, Belgium, has acquired control of a leading Belgian paper wholesaler, Haseldeonckx SA, for close to £2m.

The company has warehouse and envelope-making facilities in the Brussels area.

In addition to being a major distributor of Wiggins Teape's item of paperless copying paper, it has developed a wide range of paper merchanting activity.

Commenting on the acquisition, Mr. P. G. Best, chairman and chief executive of Wiggins Teape Europe, explained that the Belgian market has lately been further in the company's development and expansion in South East Asia.

The chairman, Mr. Leslie McIrvine, said yesterday that "restoration of the dividend is under active consideration."

The main attraction for C. and D. is, however, the fact that the deal wines out virtually the whole of its total debt of nearly £1.5m. shares.

The price also shows a surplus over book value, since the entire number of Purbeck Ordinary held by Singo before

the offer period was 151,000 and the number acquired by Singo during the offer period by conversion was 361,625.

The offer has been extended and remains open until August 2.

CRODA PLACING

L. Messel yesterday placed with various institutions, 1,628,000 Ordinary shares of Croda at 55p each, thus placing arose as a result of the recent acquisition of Klempton Brothers.

WIGGINS PURBECK

By July 26, Singo Holdings had received acceptances of its offer for Purbeck in respect of 165,551 of its total debt of nearly £1.5m. shares.

The price also shows a surplus over book value, since the entire number of Purbeck Ordinary held by Singo before

the offer period was 151,000 and the number acquired by Singo during the offer period by conversion was 361,625.

The offer has been extended and remains open until August 2.

POWELL DUFFRYN U.S. PURCHASE

In a deal worth up to \$4.7m. (£2.7m.), Powell Duffryn is expanding its oil and chemical storage division with the purchase of El Dorado Terminals Corporation of New Jersey.

This was announced by Sir Alec Ogden, chairman of Powell Duffryn, at the group's annual meeting yesterday.

The consideration for the purchase is an initial payment of \$2.7m., with deferred payments not exceeding \$2m., depending on future profitability.

Book worth of the net assets being acquired is about \$5.5m. subject to outstanding long-term debt of \$3.5m.

Finance is being provided by a \$2m. parallel loan supplemented by a medium term bank facility in New York.

On the current year Sir Alec said that management accounts for the first quarter show that trading profit is significantly higher than in the previous year.

Following the reduction in the rate of ACT the dividend has been increased from 5.05p to 5.15p.

MARSHALLS (HALIFAX)

Marshalls (Halifax) has made arrangements to acquire the capital of HIP (Powder Metals) which was recently formed to offer a hot isostatic pressing facility to companies making tungsten carbide hard metals, superalloys etc.

This company will be an independent unit within the engineering division of Marshalls (Halifax) and the director in charge will be the founder of the business, Mr. John C. Thompson.

WINN IND.

Winn Industries has sold off its wholly-owned subsidiary Technidraft (Hayes) to Wimian Investments for £3,000 cash payable on completion. Book value of the company's shares in Lewis's Investment Trust, which was transferred, were approx.

British Shoe Corporation and shares (7.01 per cent).

The Financial Times Thursday July 28 1977

## Merger benefit disputed

BY NICHOLAS COLCHESTER

Mergers in Britain do not improve the profitability of the participants according to a study published to-day by Mr. Geoffrey Meeks, a Cambridge economist.

The study analysis 223 mergers between 1962 and 1972 and demonstrates that the average level of profitability in each of the seven years after a merger is lower than the average profitability of the component companies in the three years prior to their merger.

Mr. Meeks suggests on the strength of his findings that government policy should have a built-in bias against mergers that is that is merging companies should be required to demonstrate convincingly that a merger will improve their business efficiency.

He builds his case on the following observations: that the merger, as measured by profitability, is not increased through merger, that managers get pay increases because of merger growth whether or not such growth brings improved profitability in its wake; that financial constraints operate more weakly on growth by takeover than they do on growth by internal investment.

The study argues that profitability (defined as pre-tax profit divided by net assets) is a fair proxy for efficiency. Its author explains that two factors could increase the profitability of a merged company, the increase in market power. Given that mergers must tend to increase market power, the fact that statistical analysis indicates that a drop in profitability accompanies most mergers gives a reinforced impression that business efficiency suffers through merger.

Mr. Meeks inclines towards the view that mergers have more to do with the personal whims of managers than with any prospect of real industrial gain. He says: "The typical efficiency loss after merger is entirely consistent with the inertia of aspirations, the pursuit of a quiet life, or the sacrifice of profitability to the sake of Green issues, including higher salaries, more stable corporate performance, and greater immunity from other takeovers." With the pragmatic justification of free merger dashed, concludes Mr. Meeks, "the diverse theoretical objections would seem to demand that the state's presumption in favour of merger be reversed."

Disappointing Marriage: a study of the gains from merger. G. Meeks. Cambridge University Press. £6.00.

HESTAIR HAS OF ROOT

The offer by Hestair to the outstanding capital shareholders has become accepted.

Acceptances have been in respect of 543,714 shares. Prior to the offer owned 1,216,078 shares. Company has close st.

Hestair, therefore, owns 1,759,722 Ordinary shares per cent. The offer (a

per cent) remains open.

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More young motor-cyclists die on road

POLICE WARNED you cyclists in the south

England yesterday because

an alarming rise in road deaths.

The death toll on t

he month was 17, compa

five in the correspondi

last year, according to

released yesterday. Six

killed were motor-cyclists

the age of 22.

Kingside Investment £82,188

No revenue of Kingside Investment Company came out of £1.1m. for the first half of 1976, compared with £1.1m. after tax of £0.25m. against £0.23m.

A net interim dividend of 25p share is announced by 0.55p (0.5p). Total for 1976 was 1.5p.

The directors state that progress was made in realising some of the company's more unmarketable investments.

The directors say that they are offering to repurchase the 5 per cent Convertible Unsecured Loan Stock 1994 at 50p.

They jettison old rope, broken boats and, worse, broken fish boxes with ashore with nails still forming a hazard to

and animals.

Ruthless dimps had

ived at Aberdeen but boat crews seldom used



## Coalite & Chemical Products Ltd.

The sixtieth annual general meeting of the Company was held at the Dorchester Hotel, Park Lane, London W1, on Wednesday 27th July 1977.

Statement by the Chairman.

The Rt. Hon. The Viscount Ward of Witney, P.C.

In view of the unpromising circumstances in which we entered the 1976/77 financial year, I am glad to be able to report a final outcome which shows a material improvement over the previous year.

### Financial Matters

In June 1976, 28,931,250 Ordinary 10p Shares were offered to existing Shareholders at a price of 14p per share, being one new share for every four shares held on 14th May 1976 and producing the sum of £3,932,000 after expenses.

Profit for the Group before taxation increased to £10,215 million compared with £7,938 million the previous year. Profit after tax at £4,885 million compares with £3,803 million last year. Among the factors influencing this improvement are the positive steps taken early in 1976 and since maintained, to avoid overproduction and reduce operating costs and overheads, the clearance of accumulated stocks, greater effort in exports, increased interest revenue and the absence of industrial disputes.

In view of continuing uncertainties regarding future operation of the Rossington Works, at present being kept under care and maintenance, it has been thought prudent to accelerate the depreciation charge by £1,893 million, which brings the book value of the Works into line with your Directors' current assessment of the potential value of the assets. Group depreciation consequently increased appreciably to £5,534 million compared with £3,426 million in the previous year. Together with the after tax profit of £4,885 million, this produced a cash flow of £10,419 million, out of which the requirement for additional working capital was contained to a marginal £129,000.

The strong Liquidity position in terms of cash and readily marketable quoted investments places the Company in a confident position to meet seasonal stocking needs and the planning of profitable expansion. Capital expenditure of £2,72 million included the construction of a general purpose chemical plant, now being commissioned, to facilitate the commercial development of products which will widen our existing range. Earlier in the year, the construction and commissioning of plant to double the manufacturing capacity for phenoxy herbicide intermediates was satisfactorily completed but its profitability must await a recovery in the herbicides market.

The debate on inflation accounting continues and your Directors remain of the opinion that the introduction of inflation adjusted information in the Accounts before a definite policy has been generally agreed would lead to confusion.

### Dividend and Share Capital

The interim dividend of 0.3404 pence per share on the share capital as increased by the rights issue was paid on 7th February 1977. The proposed final dividend of 0.3896 pence per share makes a total of 0.7300 pence compared with 0.6636 pence per share last year. This proposed final dividend includes the maximum increase permitted under current counter inflation restrictions, based on taxation at 35%. Should the taxation rate be lowered, it is proposed to maintain the gross dividend amount, which would involve a small additional payment to be distributed with the next interim dividend.

Your Directors hold the view that it would better reflect the standing of the Company if the 10p Ordinary Shares were to be consolidated into 25p Ordinary Shares and details of the proposals and necessary resolutions are set out in documents accompanying the Report and Accounts.

### Employees

The Group's results reflect credit on employees at all levels and it is a pleasure to pay tribute to their contribution to maintaining our success under difficult circumstances.

Because there is now a more widespread appreciation of the disadvantages of high inflation rates and the interdependence of factors such as job security, profitability, real money values and productivity, we appear to be moving towards renewed general acceptance that realistic pay differentials for hard work, diligence, initiative and skills are essential if we are to improve general industrial efficiency and so maintain standards of living comparable with our foreign competitors. Provided this is sufficiently understood, we can perhaps look forward without undue anxiety to some relaxation of pay control to allow additional rewards for genuine additional effort.

Proposals for improved pensions and insurance have been discussed and agreed with employee representatives at all locations. They are non-contributory and provide better benefits than the new State Scheme, from which employees will be contracted out, and will be introduced early in 1978.

Training throughout the Group is operated under the aegis of the Chemical and Allied Products Industry Training Board and particular attention is being directed to training required in connection with the Health and Safety at Work Act. Although the Government has postponed until 1978 the compulsory appointment of trade union members as Safety Representatives, we are continuing with the training programme already prepared for that purpose, since we are convinced that improved safety standards can only be achieved by the closer involvement and collaboration of everybody on site.

### Coalite

Having taken drastic steps in March 1976 to bring production into line with reduced demand, we then encountered the hottest summer on record which resulted in further addition to product stocks. On the other hand, for the first time for seven years we experienced a normal winter with the result that stocks were practically cleared by the year-end and four idle batteries had been brought back into production. With the 'pipe-line' to the consumer almost empty, sales so far this year have continued encouraging and a further two batteries have been commissioned to satisfy the demand. We greatly appreciate the helpful co-operation we have received from the Distributive Trade under these changing circumstances.

The overseas ferro-silicon market has remained subdued due to continuing depression in the iron and steel industry but exports of industrial grades have nevertheless been increased.

It has taken the energy crisis in the United States to bring home forcefully the realisation that our own limited off-shore reserves of oil and gas should be regarded as a priceless long-term asset rather than squandered cheaply as a short-term windfall, and that we shall have to return to coal and coal-based fuels to meet an increasing proportion of our fuel needs. With an inevitable fuel policy change in that direction, we can expect to see a lively revival in the use of solid fuels for domestic and industrial purposes. The fact that 257,000 domestic open fires were sold by appliance manufacturers last year, 17.4% more than in the previous year, is a welcome short-term confirmation of such a revival and of a returning affection for the pleasure and comfort associated with a real fire. It is similarly significant and encouraging to see that chimneys for solid-fuel burning are being built into more new houses.

### Chemicals and Oils

Overall performance was encouraging but comprised distinct contrasts between product areas. For example, unfavourable crop spraying conditions depressed sales of herbicide intermediates whereas the demand for other products such as ortho-phenol remained consistently high. Considerable progress was made in consolidating our position in the road-blister market in spite of reductions in the road-construction and maintenance programmes of local authorities.

Environmental improvements are a continuing obligation, involving increasing commitment of effort and capital. The main features last year were the commissioning of an

## Haslemere expects rents revenue to top £7.6m.

ADEQUATE GROWTH will continue in the current year for the Haslemere Estates, Mr. F. E. Cleary, the chairman, tells members in his annual statement. With a steady supply of new and refurbished buildings provided by the company, the directors anticipate net rental revenue will exceed £7.6m. compared with £6.6m. for 1976/77.

He states that the company has a considerable programme of developments in hand and its association with a select number of institutions has enabled it to buy in prime locations for both office and industrial projects.

As a result of a 10% rise in rents and two changes to accounting policies, as reported on July 22, taxable profit for the year to March 31, 1977, rose 13% per cent to £1.8m. (1963/324).

Profit was struck after development outgoings of £203,342. Had a similar charge been made for the previous year profit would have been reduced by £228,000.

The net dividend is lifted to £535,492 (£231.10p) per 10p share.

Working capital was up £39,662 (down £127,300). A £1m. loan from Hill Sunam Life Assurance, which 1976, was repaid on seven years at a fixed rate of 14% per cent. Excluding this, the company has avoided borrowing long-term money at a high fixed interest rate, preferring to borrow medium-term at a floating rate says Mr. Cleary.

The ratio of borrowings to investment properties is, as last year, below one-half, leaving an adequate margin of uncharged security to enable the company to borrow long-term when fixed interest rates have fallen to an acceptable level, he says.

At June 31, 1977, Phoenix Assurance Company held 2.77m. shares.

The properties in course of construction, which cost £4.8m. at year-end, will cost £900,000 more to complete. Properties for future development are included in the accounts at a cost of £1.1m.

The directors say they intend to continue acquiring buildings in Central London and certain other prime locations, which are suitable for re-occupation.

Profitable development of warehouses in prime positions is being maintained. A 250,000 sq. ft. scheme at Heathrow Airport will be completed shortly and a Peake, a director, has submitted further 73,000 sq. ft. is being erected at Bishops Stortford.

### Resignation at Phillips Patents

An addendum to the report and accounts of Phillips Patents (Holdings) states that Mr. N. S. Peake, a director, has submitted his resignation, which has been accepted.

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THOSE REQUIRING  
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In these competitive times everyone in business needs the

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

ACTURERS  
RATION & S

ng of the Directors held on 26 July 1977 it was  
ay on 1 October 1977 a second interim  
he year to 30 September 1977 at the rate of  
ary Share of 25p. Transfers received in order  
ar of the Company up to 30 August 1977 will  
be passed for payment of this second interim  
te transferee.

1976, B.A.T Industries Ltd., formerly  
rities Trust Co. Ltd. (TST) merged its  
those of British-American Tobacco Co.  
consequence of which B.A.T shareholders  
A.T Industries Ltd. shares for every 10 B.A.T  
ld. At the time of the merger, the Board  
intention to increase dividends and  
on of the Treasury to spreading the  
2 years, so that the total dividends for the  
1 September 1977 would be at least 20%  
s terms) than the equivalent dividend in  
6. The second interim dividend now  
her with the first interim dividend paid on  
ounts to 7.5p per Ordinary Share of 25p  
nt 6.0p. The final dividend will depend on  
statutory dividend limitation which as  
reted would mean a final dividend of 5.51p  
are of 25p.

given in this announcement for the half  
rth 1976 and 30 September 1976 have been  
ugh the merger between TST and B.A.T had  
throughout the periods.

to be retained in Inflation Reserves out of  
utable to B.A.T Industries for the half year  
77 is estimated at £31 millions. The amount  
the previous year was £46 millions.

ear to 31 March 1977, foreign currency  
translated to sterling at rates of exchange  
y 1977, except for Brazilian cruzeiro which  
translated at the rate against the  
ited to be ruling at 30 September 1977.  
results for the half year to 31 March 1976  
ated at the rates of exchange ruling on  
976, these being the rates used to  
l results for the year ended on that date.

ember 1976 and July 1977 sterling  
ainst the US dollar and related currencies  
gainst certain others, particularly in  
effect on Group results was minimal,  
valuation of the Brazilian cruzeiro against  
ich reflected the continuing substantial.

in line with increased profit, has been  
ve ACT on the interim dividends declared  
current year. Decreased overseas current  
on matched by increased overseas deferred  
on on which deferred taxation is provided  
nged, but is under review in the light of  
Accounting Standard; any changes will be  
end.

## Insurance checks are stepped up

BY ERIC SHORT

THE DEPARTMENT of Trade is making wide use of its powers to control the operations of insurance companies, taking a more active role in monitoring and intervening in company affairs.

The Annual report on the working of the Insurance Companies Act, 1974, reveals that last year the Department used its statutory powers of intervention on 85 occasions compared with 37 in 1975. In addition insurance companies were persuaded more frequently by the Department on a non-statutory basis to take appropriate remedial action. This was done in 57 cases last year—double the number for 1975.

The report points out that this involved companies raising additional capital either directly or by selling to new owners willing to put up additional funds.

The rate of inflation again meant that the Department had to pay particular attention to companies' expenses and to the claims provisions of companies carrying on general business.

The Department has continued to ensure the strengthening of

insurance company assets. New, more stringent asset regulations came into force during the year, designed to ensure that assets would be widely spread so that the solvency of a company would not be threatened by the failure of one or two individual investments. Most insurance companies were able to comply with the requirements, but in some cases, the Department had to give companies additional time to adjust their portfolios.

Britain sought the creation of a liberal European Community market in insurance, and the report deals with the measures taken in 1976 towards this end. It warns that different national attitudes and practices towards regulating insurance business have to be co-ordinated before such a market is possible.

Existing U.K. insurance legislation takes account of many of the provisions contained in the EEC directive for freedom of establishment, but some modifications in U.K. supervisory arrangements will have to be made.

Insurance business Annual Re-

port 1976. SO £1.50.

By Ian Hargreaves

## CALEDONIA INVESTMENTS LIMITED

Sir Nicholas Cayzer's Statement

The 45th Annual General Meeting of Caledonia Investments was held on July 27th in London. The following is the chairman's statement.

As predicted at the time of the announcement of the interim dividend, the profit attributable to members shows little change from that of the previous year.

Receipts of franked investment income, which stem largely from the shareholding in The British & Commonwealth Shipping Company Limited (B & C), were in line with expectations and followed the pattern dictated by the constraints of current legislation.

Consideration of such constraints is important for, from record profits, B & C was only able to increase its dividend by 10 per cent.

The reduction in unfranked income flows in the main from the sale, in the year to March, 1976, of certain fixed interest securities and the disposal, as reported last year, of an interest in a South African finance company, while interest receivable reflects a reduction in the amount of deposits.

The trading results of our principal industrial subsidiaries, Amber Industrial Holdings and Urquhart Engineering, again show satisfactory increases with a continuing contribution to profit derived from exports. Again, we must express our warm thanks to the management and staffs of the various companies in these groups for their efforts on our behalf.

Trading profits from other activities include a amount of £60,000 arising from the disposal of part of a holding of copper bars which were acquired by a subsidiary as a hedge against inflation. At the date of the acquisition the sterling price of copper did not appear to reflect the fall in the value of the pound which had taken place, or its further vulnerability at that time. The balance of the stock of this commodity is held at cost which was and is below market value.

Thus, profits before taxation, minority interests and extraordinary items, have increased from £2,732,000 to £3,071,000. Regrettably, taxation takes a larger slice for, as explained in the interim statement, a dividend from an overseas subsidiary has to be brought into charge for United Kingdom taxation whereas, on consolidation, the profit had been taken into account in earlier years.

In addition to the increased charge for taxation, minority interests have absorbed £79,000, as against £27,000 in the previous year. This arises mainly from the increase in the profits from trading where minority interests are involved.

The overall asset position at 31st March has again improved as a result of the increased value of investments.

The report and accounts were adopted.

## Standard Chartered Bank Limited

announces that, from 1st August 1977

its Cheque Card limit

is increased from £30 to £50.

Cheques accepted or cashed upon presentation of their existing Cards, notwithstanding the £30 limit printed thereon, will be honoured to the limit of £50 on any one transaction, subject to the usual conditions.

# B·A·T Industries Limited

## Interim Report... Half Year to 31 March 1977

RESULTS

### Group Results (unaudited)

Half Years to 31.3.1976 30.9.1976 31.3.1977

£ millions

	2,726	2,911	3,070
Trading Profit	181	186	215
Investment Income	24	29	31
Operating Profit	215	215	246
Interest Paid	27	29	29
Profit before Taxation	188	186	217
Taxation	89	94	98
Profit after Taxation	99	92	119
Minority Interest	10	11	12
Net Profit attributable to B.A.T Industries	89	81	107

### Analyses by Industry

#### Turnover

	1,778	1,974	1,957
B.AT. 658	624	652	652
Paper 209	248	277	277
Cosmetics 54	37	57	57
Other Activities 27	28	27	27
<b>2,726</b>	<b>2,911</b>	<b>3,070</b>	

#### Duty and Excise included in...

#### Tobacco Turnover

	1,023	1,110	1,107
Operating Profit	158	166	172
Tobacco 23	10	18	18
Paper 11	23	30	29
Cosmetics 4	1	2	2
Other Activities 19	15	23	23
<b>215</b>	<b>215</b>	<b>246</b>	

#### Taxation

	5	20	17
United Kingdom Taxation on Income	3	(6)	(17)
Unrelieved ACT	(1)	—	—
Overspill Relief	7	14	16
Overseas Taxation	72	53	66
Deferred Taxation	79	67	82
	10	27	16
<b>89</b>	<b>94</b>	<b>98</b>	

### FORECAST

Sales volume of tobacco products is expected to continue to increase. In addition, the recent acquisitions of the Lorillard cigarette business outside the United States and of F.J. Wallis by International Stores in the United Kingdom will bring benefits in the second half-year. The paper division is expected to maintain its improved position and the cosmetics division to recover some of its profits shortfall of the first half year.

Provided there are no significant changes in the exchange rates relevant to the Group's activities, an improvement is expected in the net profit attributable to B.A.T Industries during the second half of the financial year to 30 September 1977, by comparison with the comparable period of the previous year, although at a lower rate than the 20% achieved in the first half of this year.

### Tobacco

The volume of Group cigarette sales increased at a greater rate than in the previous year, particularly in Central and South America and Asia and in exports from the United Kingdom. In Europe, despite a small drop in volume, profits have been maintained, assisted by a price increase in Germany in January 1977.

In the United States, Brown & Williamson also benefited from a price increase in October 1976 but lower volume and increased costs resulted in a slight decline in profits.

Results for Latin America were again progressive; the Brazilian company continued to advance and the companies in Argentina and Venezuela increased their market shares. Improved results in Asia were mainly due to a larger share of the Malaysian market and a price increase in Pakistan which partially restored profit levels. In Nigeria, the company has been unable to obtain approval for price increases to cover rising costs but profits overall in Africa were maintained.

In the United States, Saks Fifth Avenue opened a number of new stores and they and Gimbels achieved increased turnover despite the severe winter weather in the North East of the country, the main operating area for Gimbels. However, profits were reduced by the problems of reorganising and refurbishing stores at Gimbels and Saks, and by inventory adjustments in the face of the slower than expected recovery of the economy.

Kohl Corporation again achieved growth in sales and profits. In the United Kingdom, International Stores increased its sales volume in comparable stores despite intense competition. This, together with the benefits from the more effective use of resources, has increased profits substantially.

### Paper

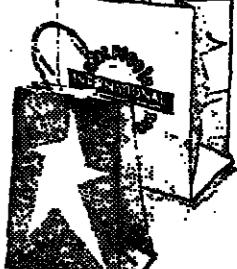
The rate of recovery achieved by Wiggins Teape last year has been well sustained with higher sales volume and a continued improvement in margins, particularly in the United Kingdom and Europe. Mardon Packaging International also achieved substantially higher sales and profits.

### Cosmetics

(Half-year to 31 December 1976). Sales overall continued to grow strongly in Europe and Latin America and for Letheric in the United Kingdom although those for Yardley in the United Kingdom were flat. In the United States, a material volume increase was achieved by Germaine Monteil but at the expense of profits due to the cost of this accelerated growth and intense competitive activity over the important Christmas season.

## B·A·T INDUSTRIES LIMITED

Tobacco · Retailing · Paper · Cosmetics · Worldwide



## BSN Gervais Danone plans to spend £47m.

By David Curry

PARIS, July 27. BSN Gervais-Danone Group, which is one of Europe's big three glass manufacturers, is to invest Frs 400m. (£47m.) in flat glass facilities. The investment will be made by the group company, Boussols, in the northern part of France.

Three-quarters of the money will be devoted to adding a second float glass unit, with a capacity of 850 tonnes a day, at its factory at Boussols-Sur-Sambre. An investment of Frs 50m. is destined to build a unit for making 600,000 laminated car windshields a year at Aniche, to meet a market which is rapidly growing in France but which is near to the tune of 50 per cent. by imports.

A similar sum is to be spent on a new glass product line, also at Aniche.

**Moet-Hennessy**  
**Frs31m. profit**  
THE MOET-HENNESSY drinks concern reports profits of Frs 31.6m. for the year to June 30, and will pay a dividend of Frs 12.6m., including tax bonus. This is up by the maximum 6.5 per cent. permitted by the Government's anti-inflation programme.

The Board is seeking shareholder permission to raise a convertible loan of Frs 160m. before the end of September 1978.

## Iranian payment raises Krupp stake to 17%

By JONATHAN CARR

IRAN has now paid the second contribution by Iran of some government might have been of three instalments to obtain its DM74m. to carry it across the 25 per cent. to raise objections to so planned 25.01 per cent. stake in per cent. mark—is to follow by strong a foreign participation in Fried, Krupp GmbH, the parent next summer. It is not clear how much Iran activities may be held to have steel, engineering and shipbuilding is paying "over par" for its strategic interest. This is no concern.

It was agreed last year that Iran's total financial commitment stake, but it is believed that longer the case.

Some surprise has been expressed at the relatively low

level of OPEC money into West Germany—and to German companies in particular, in its

parent Iran also has a participation of just over 25 per cent in the notes that from 1974 to 1976

Krupp said to-day that Iran Krupp Huettenwerke the company's steel-making arm. Last year Iran also took a 40 per cent stake in two Krupp enterprises

DM101.57m. or 17 per cent of the share capital. The third and Brazilian subsidiaries.

There was a time when the Kuwaitis in Daimler-Benz.

## Sluggish progress at Dresdner

By OUR OWN CORRESPONDENT

DRESDNER BANK's results for DM660.3m. from DM655.6m. But interest earnings in the first half the continuing weak propensity dropped to DM204.8m. from in West Germany to invest DM206.7m.

The volume of the Bank's credit business rose, by only 2.7 per cent to DM42bn. and this increase was largely accounted for by long term loans and foreign credit business. Short term domestic credit volume hardly rose at all.

The Dresdner has so far given no clue to dividend prospects for this year. Last year shareholders received an unchanged 20 per cent payout after the Bank announced no profit up by 12.7 per cent to DM1.8m. although the operating result fell by 6.4 per cent to DM44.4m.

Profits from the interest business are slightly up on the first half of last year—to

BAYERISCHE VEREINSBANK has a 5.9 per cent rise to 6.6 per cent to DM42.984m. from DM28.7m. in its surplus on DM46.144m. at the end of 1976.

## ADELA INVESTMENT COMPANY S.A.

### U.S. \$25,000,000 FLOATING RATE NOTES 1983

#### IMPORTANT-CORRECTION OF NOTICE PUBLISHED ON JULY 15, 1977

Notice is given pursuant to Condition 4 (e) of the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from July 11, 1977 to January 11, 1978, is at the annual rate of 8%. The U.S. Dollar Amount to which the holders of Coupon No. 4 will be entitled on which presenting the same for payment will be U.S.\$40,598.88 subject to such amendments thereto (or appropriate alternative arrangements by way of adjustment) which we may take, without further notice, in the event of an extension or shortening of the above-mentioned Interest Period.

PLEASE NOTE THAT THE U.S. DOLLAR AMOUNT AND DUE DATE SPECIFIED IN THE NOTICE DATED JULY 15, 1977 WAS INCORRECT.

BANK OF AMERICA, NEW YORK  
(Principal Paying Agent)

28th July, 1977

These Notes were offered and sold outside the United States of America. This advertisement appears as a matter of record only.

July 13, 1977

\$40,000,000

## The Long-Term Credit Bank of Japan Finance N.V.

Guaranteed Floating Rate Notes Due 1982

Guaranteed unconditionally as to principal and interest by

The Long-Term Credit Bank of Japan, Limited  
(Kabushiki Kaisha Nippon Chinkin Shinkin Ginko)  
(A Japanese Corporation)

First Boston (Europe)

Credit Lyonnais

Banco de Roma

Bankers Trust International

Chase Manhattan

Commerzbank

DBS-Daiwa Securities International

Jardine Fleming and Company

Manufacturers Hanover

Singapore Nomura Merchant Banking

Union Bank of Switzerland (Securities)

Nippon European Bank S.A.

Abu Dhabi Investment Company	Alshab Bank of Kuwait (K.S.C.)	Algemene Bank Nederland N.V.	A. E. Ames & Co.	Ameri Bank
Amsterdam-Rotterdam Bank N.V.	Andelscheiken A/S Danskebank	Andreasen Bank A/S	Arab Finance Corporation s.a.r.l.	Arab Financial Consultants Company S.A.K.
Banca Commerciale Italiana	Banca del Garda	Banca della Svizzera Italiana	Banca Nazionale del Lavoro	Banco Urquiza Hispano Americano
Banco International	Bank of America International	Bank Guttmann, Aarz, Bungener (Overseas)	Bank Julius Baer International	Bank Metz & Hope NV
Bank Leu International Ltd.	Bank Leuvi le Israel	Bank Metz & Hope NV	The Bank of Tokyo (Holland) N.V.	The Bank of Tokyo (Holland) N.V.
Banque Arabe et Internationale d'Investissement (RAILI)	Banque Bruxelles Lambert S.A.	Banque Européenne de Tokyo	Banque Francaise du Commerce Extérieur	Banque Nationale de Paris
Banque Générale du Luxembourg S.A.	Banque de l'Indochine et de Suez	Banque Internationale à Luxembourg S.A.	Banque Nationale de Paris	Banque Rothschild
Banque de Paris et des Pays-Bas	Banque Privée S.A.	Banque du Rhône et de la Tarnise S.A.	Banque Rothschild	Banque de l'Union Européenne
Banque Worms	Baring Brothers & Co.	Baring Suisse Multifinance	H. Albert de Bary & Co. N.V.	Baring International Ltd.
Bayrische Vereinsbank	Bergen Bank	Berliner Handels- und Frankfurter Bank	Blyth Eastman Dillon & Co.	The Royal Club Finance & Securities Company
Bergen Bank S.A.K.	Caisse des Dépôts et Consignations	Concessus & Co.	Centrale Robotronik	Chitrys International Group
Continental Bank S.A.	County Bank Limited	Credit Commercial de France	Credit Industriel d'Alsace et de Lorraine	Credit Industriel et Commercial
Crédit du Nord	Credit Suisse White Weld	Creditanstalt-Bankverein	Credit-Industrie (Underwriter) S.A.	Daikin Kogyo Bank Nederland N.V.
Daikin Securities Co., Ltd.	Daikin Europe N.V.	Denmark Bank	Deutsche Creditbank	Deutsche Girozentrale
The Development Bank of Singapore	Dewey & Associates International S.C.S.	Denmark Bank	Deutsche Girozentrale	Deutsche Kreditanstalt
Drexel Burnham Lambert	Effectenbank-Werburg	Euromobiliere S.p.A.	Dillen, Read Overseas Corporation	Deutsche Kreditanstalt
Fiji Kleinwort Benson	Gefira International	Europac Europee Internationale	Domestic Securities	Deutsche Kreditanstalt
Gebäckbanken	Groepenrekening des Bataanen Fonds Genève	The Gulf Bank K.S.C.	Dresdner Bank	Deutsche Kreditanstalt
Hendelbank N.V. (Overseas)	Hessische Landesbank	Hill Samuel & Co.	Dresdner Bank	Deutsche Kreditanstalt
Kidder, Peabody International	Kyoto Kamei Bank	E. P. Hutton & Co. N.Y.	DRI International	Deutsche Kreditanstalt
Kuwait Financial Centre (S.A.K.)	Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)	Kuwait International Finance Company S.A.K. "KIFCO"	Kansai-Etsu Chemicals	Deutsche Kreditanstalt
Kuwait International Investment Co. s.a.r.l.	Kuwait Investment Company (S.A.K.)	Lazard Brothers & Co., Limited	Lazard Frères & Cie	Deutsche Kreditanstalt
Lloyd's Bank International	London Multicorporate Bank (Underwriter)	LTC Asia	Le Coq, Young, Weir International	Deutsche Kreditanstalt
Merrill Lynch International Bank	B. Metzler & Sohn & Co.	Mitsubishi Bank (Europe) S.A.	McLeod, Young, Weir International	Deutsche Kreditanstalt
Morgan Guaranty and Partners	Morgan Stanley International	The National Bank of Kuwait S.A.K.	Samuel Montagu & Co.	Deutsche Kreditanstalt
Nederlandse Middenlandsbank N.V.	Neftic, Thomson	New Japan Securities Co. Ltd.	Merz & Gruenfeld & Co.	Deutsche Kreditanstalt
The Nippon Kangyo Kalmara Securities Co. Ltd.	Nomura Europe N.V.	Nederlandse Landesbank Groningen	Metzler, Van Kempen & Co.	Deutsche Kreditanstalt
Sal. Oppenheim Jr. & Co.	Osaka Securities Co. Ltd.	Orion Bank	Metzler, Van Kempen & Co.	Deutsche Kreditanstalt
Pierpont, Morgan & Pierce N.V.	Prudential	PT Multinational Finance Corporation	Metzler, Van Kempen & Co.	Deutsche Kreditanstalt
Salomon Brothers International	Swiss Bank (Underwriter)	Santander Securities Co. Ltd.	Metzler, Van Kempen & Co.	Deutsche Kreditanstalt
J. Henry Schroder Wag & Co.	Sliman & Co.	A. Sarsen & Co.	Schoenfels & Chartered	Deutsche Kreditanstalt
Société Financière de L'Union S.A.	Société Générale	Société Générale de Banque S.A.	Smith Barney, Harris Upham & Co.	Deutsche Kreditanstalt
Sumitomo Bank International Ltd.	Stamplite Handelsbank	Strauss, Turnbull & Co.	Sundtontine Finance International	Deutsche Kreditanstalt
Trade Development Bank Overseas Inc.	Trinkaus & Burkhardt	Swiss Bank Corporation (Overseas)	Takai Ryōe, Morgan Guaranty	Deutsche Kreditanstalt
Union de Banques Arabes et Françaises	U.R.A.F.	UBA-Asahi Japanese Finance Ltd.	Union Bank of Finland Ltd.	Deutsche Kreditanstalt
Wardley	Westdeutsche Landesbank	United Overseas Bank Limited	Verdega and Westbank	Deutsche Kreditanstalt
Girozentrale	Williams, Glyn & Co.	Wool Gandy	J. Vontobel & Co.	Deutsche Kreditanstalt

## AMERICAN NEWS

### Wages plan at Eastern Airlines

EASTERN AIRLINES, which has announced a \$2.62m. loss for June, is to initiate this month a programme under which employees will risk part of their salaries to maintain the company's profit levels. Reuter reports from New York.

The employees have agreed to set aside 34 per cent. of gross earnings to assure a 2 per cent annual company profit on gross revenues. Executives will risk 5 per cent.

In the second quarter of the year, Eastern made net profits of \$3.2m. or 16c a share, on revenues of \$496.5m., against \$19.3m. or \$1.00 a share, on \$457.3m. in the same period of last year.

Half-year net profit was \$21.5m., or \$1.10 a share, on revenues of \$1,026m., against \$37.1m., or \$1.93 a share, on \$929.6m.

Under their plan, Hamilton, each of the chemical and Crown have bid \$46.50 for company's 9.5m. outstanding and each of Keweenaw's 1,010,000 con-

### New bidder could toppling Gulf takeover of Kewanee

NEW YORK, July 27. GULF OIL's agreed \$440m. bid for Kewanee Industries, a Pennsylvania producer of which carries 10 votes, would give the bidders over 50 per cent of the voting power and enable them to block the Gulf bid.

But the bid faces some problems and a very tight schedule. The Gulf bid, which had earlier shown interest, is subject to the estate's petition to the court to get voting charitable trust.

Assuming the court's decision to order the corporation to order expansion of the project to impose unlimited liability on its stockholders and to impose provisions which could lead to majority control, Mr. Scott said.

He suggested that because the three companies had dropped out of the project it was impossible for the six remaining members of the consortium to continue and he was not optimistic about finding new owners.

The likelihood that the Seadock project will be dropped means that a project planned for the Louisiana coast called Loop Inc. is the only deepwater port project in the country at present. The Board of Loop are expected to approve continuing with their project within the next few days.

According to ITT, the disclosure is expected to amend its annual report from 1969 through 1976. A company also would file a report of outside and outside counsel.

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## FINANCIAL TIMES SURVEY

Thursday July 28 1977

## CHICAGO

Unlike many major American cities, Chicago is learning to deal fairly effectively with the problem of inner-city decay. It has also made a good job of adjusting its administration following the death of Mayor Richard Daley last year.

Unlike other urban areas of its size and with its problems, Chicago also has a good credit rating and has so far side-stepped financial crises of the kind that have affected New York, Philadelphia and a host of other places. Few Chicagoans would claim all the credit for this, because other agencies and the State of Illinois shoulder many of the burdens carried by other cities. But it is a major advantage for the city nevertheless.

Finally, unlike so many other cities, Chicago has maintained a political structure which, for all its faults, has so far just managed to prevent the fragmentation of the city into openly hostile ethnic or racial groups.

With 40 per cent of its population black—and a growing Spanish-speaking minority as well—Chicago has done little more than contain this problem below the surface in the city's poorest neighbourhoods. Nonetheless, for the most part the lid has been kept on. Like in

every other city as a prosperous central area. The city's business and modern buildings in the north are on the

other cities shopping area

and, after an earlier

beginning on a new

built for middle

on derelict land

in the city's core.

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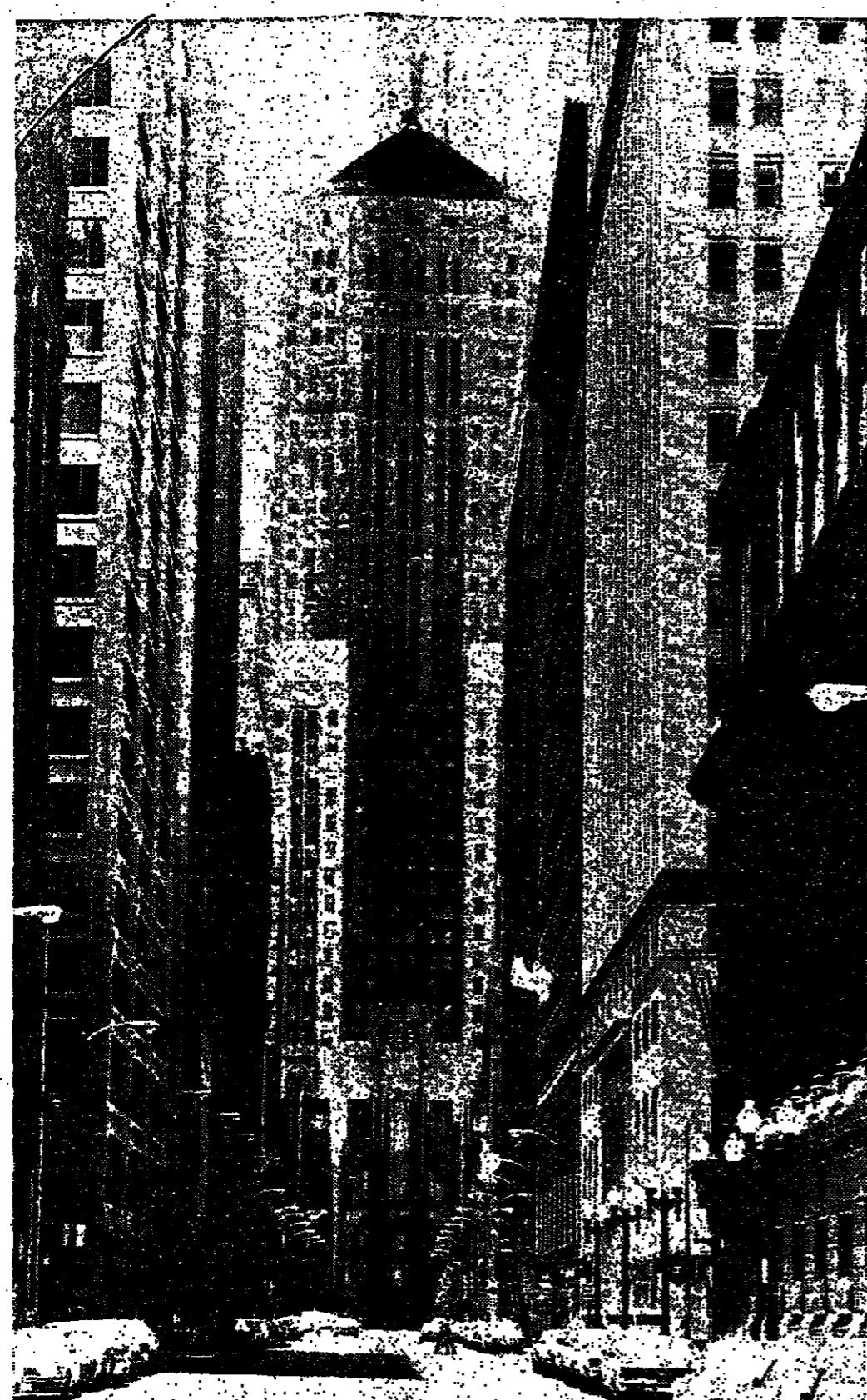
icago also has a

right side—one

make it steadily

in the years to

## CHICAGO II



The Chicago Board of Trade building.



## Gould: The creative electric company.

No matter what the power source—coal, oil, nuclear, or solar—electricity will be the way it's transformed into practical power. In fact, by 1990 about 50 percent of the energy we use will be in the form of electricity. That's almost double what we use today.

As one of America's major producers of electrical equipment, Gould is involved in the products needed to support the electric economy. Products that transmit, distribute, store, control and convert electrical energy.

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Currently, approximately 70 percent of our sales are in electrical products—batteries, with the remaining 30 percent in industrial products.

For 1980, our sales will be

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## Gould products perform in all environments.

You'll find our name on the tiny electronic sensing devices that landed on Mars. On gigantic 800,000-volt substations. On sonar equipment under the sea. On automotive batteries that never need water. On energy-efficient motors for your home and business. And on the engine bearings in the Indianapolis 500 race winners over the last two decades.

For worldwide manufacturing and marketing is a big opportunity. International activities presently con-

tribute almost 20 percent of total sales. Gould currently operates in over 20 countries with a mixture of fully-owned manufacturing facilities, partnerships and licensees. We employ more than 35,000 people worldwide.

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 GOULD

## Commodity trading

WHILE TRADING on the Chicago's historic dominance in Chicago Board's mortgage trading on the Chicago Board of CFTC to the public Chicago commodity exchanges commodity trading have also, futures contract since it was started in the last months of been in a long-standing market particularly incen-

past year, there has been ample cusing merged trading facilities with its concentration on grain and silver futures trading, and by the Commodity Futures Trading Commission (CFTC) remains unsettled. While both the exchanges and the CFTC maintain that working relationships between the regulators and the markets are good, few deny that the CFTC, formed just over two years ago, is bitterly opposed by many of the dealers who remember the old self-regulatory days. Opposition to the new regulatory agency is probably even more deeply entrenched, following the CFTC's intervention in the soybean market to try to discipline the family of the late oil millionaire H. L. Hunt.

It is not just working out a relationship with the regulators which continues to present the dominant commodity markets of the U.S. located in Chicago with new challenges. Rival exchanges particularly in New York are showing signs of preparing for more vigorous and effective competition after last year's disastrous and damaging events involving the potato market and the failure of several large traders to honour contracts and deliver 50m. lbs. of potatoes they had contracted for.

Only this month the four leading New York commodity markets, the Commodity Exchange, the New York Coffee and Sugar Exchange, the New York Mercantile Exchange and the New York Cotton Exchange finally moved into a new, single trading area in the World Trade Center in Manhattan. Although the four New York markets will retain their administrative independence and special rules, traditions and customs, the central trading floor and computer quotation system is expected to provide new opportunities for growth and make the markets more efficient and attractive to traders.

The Chicago commodity markets, perhaps with half an eye on New York's development and with a view to reinforcing

the Chicago's historic dominance in Chicago Board's mortgage trading on the Chicago Board of CFTC to the public Chicago commodity exchanges commodity trading have also, futures contract since it was started in the last months of been in a long-standing market particularly incen-

1975. In the first half of 1976—soybeans. Between 1975 and 1976 trading in soybean contracts were traded twice rose almost 40 per cent as a threat to the

and in the same period of 1977 to 5.5m. and so far this year existence.

There has been a 100 per cent increase on top of that of the CFTC itself.

Soybean oil and meal contracts began what promises to be also each risen by protracted series

almost 100 per cent in the first half of 1977, after rises of 13.1 per cent and 9.2 per cent, in speculative limit

1976. In the first half of 1977 over half the trading on the Board's various commodities

regulatory mechanism the grounds that the

difficult to enforce.

On the other embarrassing evidence

time speculation disclosed by the

Journal in its re-

financial affairs

Industries (which s

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Stewart

## Anger

This is at least one explanation for the anger in the market, at the intervention of the CFTC in the soybean market and its allegations that members of the Hunt family acting together had breached the speculative trading limits on certain soybean contracts. The disclosure by the

CONTINUED FROM PREVIOUS PAGE

Much of this derelict land is conveniently close to some of the country's top 1,000 companies. It is thus no surprise that 100 of these companies have their headquarters in and around Chicago. Their roads, Chicago also has a well-connected to good and around Chicago. Their presence, and the city's diversified industrial base, has been partly responsible for the growth of some of the city's major financial institutions into major financial institutions able to offer a full range of services at home and abroad.

But the attractions do not end

there. The city's geographical

position and its rapid develop-

ment as a financial centre give

it extra advantages. The

county statistical area of which

Chicago is the heart has a popu-

lation of nearly 7m.

Within a 50-mile radius of Chicago are

one-third of the entire popu-

lation of the United States, 40

per cent of the nation's manu-

facturing capacity and about a

third of its retail business. One

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# New master for the Daley machine

An American been as well a new Mayor, Mr. Michael Blandie, who is already showing signs of the political acumen of his predecessor. The Democratic Party not only fell in behind Mr. Blandie, with some short-lived exceptions, but it managed to keep the city's black political leaders within the machine as well.

Thus the city of Chicago remains at least for the moment, the last major urban centre with a fully functioning political machine. In the past such a description might have been taken as a term of abuse—and it is true that one-party government can concentrate a great deal of power in very few hands. On the other hand it is also true that Chicago's machine has run large city has been run during the process the distinctive which he had of his presence to warning fact which the machine as well.

It is the city of Chicago which has its own needs, outlast his death, predictions that of these predictions that Mayor has been de-

livered by the voters intact to the intense crisis that has probably true that Mr. Blandie their children. City jobs were generations grew up, lived and died inside the close ethnic with very serious consequences.

## Intertwined

The central fact in Chicago politics is that the city administration and the Democratic Party are so closely intertwined that for most practical purposes they are inseparable. Mr. Daley was not only Mayor but also chairman of the Cook County Democratic Party—the overall party organisation that embraces Committee. The connections are not just the city of Chicago but between the two are close but the real clue that binds the party to the city is the immense powers of patronage enjoyed by the mayor.

Mr. Blandie is not the chairman of the party as his predecessor was, but he appears able to operate harmoniously with Mr. George Dunn who has taken over this job. But it is and often even the names of

neighbourhoods which are so much a feature of the city. This own future will inevitably be made it very much easier for closely linked to the economic and political loyalties to be health of the city. For a variety of reasons Chicago does not nourished and sustained.

Now, under pressure from all have to find money for welfare

agencies, these neighbourhoods or hospitals or several other

party officials on their behalf

ensured their loyalty.

If this system seems alien to the European mind, it still has an intense ethnic structure but many Poles, Irish and Greeks have left the city for the suburbs, either because of the ever-rising costs of these.

## Growth

But the continued growth of the city depends on the way in which the Blandie administration operates. Fortunately for the Mayor the close ties between party and city are paralleled by close ties between city and business.

Further, the quality of the city and a good deal of city's senior administrative staff latent unrest, which, as recent events in New York showed, is very high and there have been a number of occasions when they should not be ignored. Mayor city has been able to adopt Daley was adept at "buying policies which have served it off" the Black community, en- well, but have not been opting its leaders, finding jobs for them and managing to conquer the community by dividing it.

If Mr. Blandie is now in a position to take advantage of this organisation and if indeed there are real signs that it will not respond to him as it did to Mr. Daley, there are a number of clouds on the horizon that could eventually alter the city's enviable reputation for political stability.

The first of these is that the old machine's greatest asset was the stability of the wards in which it operated. Successive Black community throws up its own political leader of a different kind. Chicago could split along racial lines. Detroit city employees that did Mayor Daley, whose own links with organised labour were close and

D.B.

## links overcome local limitations

First Chicago, which calls itself Chicago's bank while Continental still insists "We're not in the city itself" is the current leader in the foreign banks and in the retail segment of the business, partly because many Chicagoans have not forgotten that it continued to pay its interest on savings deposits during the Depression when many other banks would not. But the about the city outside the central area. But the evidence is otherwise and the city has a long and still very active tradition of civic involvement and pride.

The most obvious manifestation of this is the close relationship between the banks and the city government. This means that Chicago's problems tend to be understood—although not solved—before they arise, and it is unlikely that a situation like the financial crisis in New York of the past three years could occur in Chicago.

It is not surprising, therefore, that the city's largest banks have competed vigorously for corporate business and, in the process, have won a reputation for price competitiveness. The aggressive search for new business has not been without its problems. While Continental has the reputation of being rather more cautious than First Chicago, both say that they are now examining new loans a little more critically than in the past.

First Chicago, for instance, had to write off \$240bn. in bad loans in 1975 and 1976 and is now taking particularly close interest in new industrial business and is also taking a careful look at opportunities in the energy sector. Continental has also re-emphasised its interest in the corporations that abound close to Chicago, and has been searching for new business from smaller or medium size companies. It has a keen interest in the possibilities for new agricultural business.

But the smaller banks have been careful to select an area in which they too may prosper. Thus Harris, specialised in foreign exchange trading, Northern Trust is well regarded for its cash management operations, and a number of the medium size banks in the area have very healthy trust departments.

Before turning to the foreign operations of the banks—and in the city—it is worth recalling one other effect of Illinois law. Unable to expand into the rest of the city or the suburbs, Chicago's banks have had to stay in the centre of the city. This has given them every incentive to work hard to make sure that Chicago's centre remains attractive, prosperous and

looked abroad an increasing number of foreign banks, taking advantage of a law passed by Illinois in 1973, have moved to Chicago.

Thirty per cent of America's exports originate within three hundred miles of Chicago and the area is one of the richest markets for imports in the U.S.

At the same time, a growing number of European and Japanese businessmen are coming to see the manufacturing distribution centre as they venture away from the East Coast. Very few of the foreign banks—Barclays is one exception—have become involved in retail banking, preferring to go after business from customers they may already have or, increasingly, to solicit for new business from American companies themselves.

In trying to find American corporate business, of course, the banks must compete not only with Chicago banks but also with so called "edge act" branches of out of state banks which can establish offices outside the state in which they operate provided they observe certain tight restrictions and do not engage in retail business.

In practice these banks are increasingly loan production operations in their own right. With total assets of about \$2.4bn., the foreign banks are beginning to make their presence felt in the City. Some like Crédit Lyonnais, are very involved in foreign exchange trading, and there has been a steady growth in foreign exchange trading between Chicago branches of foreign banks and a corresponding growth in arbitrage activities which are interconnected with the New York market.

All of this means that the city is increasingly sophisticated in financial matters and increasingly orientated towards the rest of the world. Chicago does not deserve the reputation it still has in much of the world as a dull, parochial city in which the ghost of Al Capone is still walking. The reality is much different and the city's banks bear witness to this change.

D.B.

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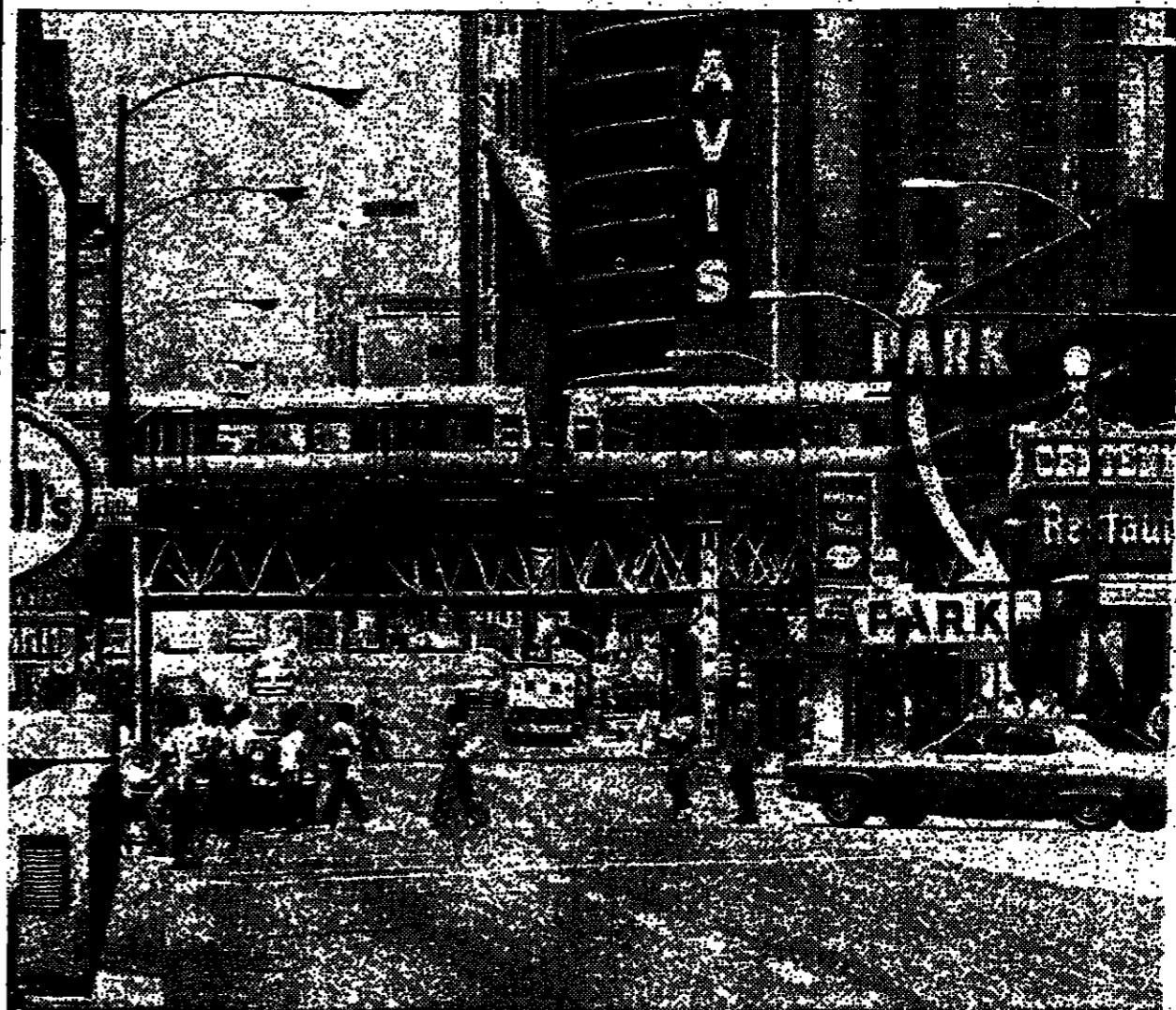
## CONSOLIDATED STATEMENT OF CONDITION

	June 30, 1977	June 30, 1976
<b>ASSETS</b>		
Cash and due from banks	\$ 179,830,764	\$ 207,583,269
Time deposits in other banks	218,240,943	221,224,733
Investment securities:		
U.S. Treasury securities	157,141,616	61,641,850
Obligations of states and political subdivisions	176,338,965	177,790,768
Other securities	8,941,608	3,079,766
Funds sold	153,230,000	170,865,000
Loans	773,559,137	703,957,907
Customers' acceptances liability	4,597,272	4,613,688
Leasehold improvements and equipment	17,233,092	17,481,972
Accrued interest receivable and other assets	29,560,294	25,136,368
	\$1,718,673,691	\$1,593,375,322
<b>LIABILITIES</b>		
Demand deposits	\$ 596,138,900	\$ 581,208,382
Savings deposits	332,615,815	255,779,497
Other time deposits	133,948,726	193,251,286
Deposits in foreign offices	311,480,143	273,900,718
Total deposits	\$1,374,183,584	\$1,304,139,883
Funds purchased	217,051,339	166,775,329
Acceptances outstanding	4,597,272	4,613,688
Accrued taxes and other expenses	17,694,624	16,946,266
Other liabilities	3,157,886	2,838,579
Total Liabilities	\$1,816,684,705	\$1,495,313,745
<b>CAPITAL ACCOUNTS</b>		
Common stock	\$ 20,000,000	\$ 20,000,000
Surplus	30,000,000	30,000,000
Undivided profits	51,988,986	48,061,577
Total capital accounts	\$ 101,988,986	\$ 98,061,577
	\$1,718,673,691	\$1,593,375,322

Investment securities carried at \$31,560,000 and \$26,172,000 as of June 30, 1977 and 1976 were pledged to secure public deposits, liability for funds purchased, and other purposes as required or permitted by law.

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A view of part of the Loop.

## Industry begins to fight back

CHICAGO'S CENTRAL position at the point where the nation's northern industrial belt gives way to the great agricultural states that stretch westwards was the single most important reason for its rapid growth in the last part of the 19th century.

As a map of the American railway system still shows, the city became the focal point for the major railroad companies. It became the centre of one of the largest steelmaking areas in the world. Sears Roebuck, now the world's largest retailer, but then principally a mail order house, chose the city as the centre of its operations. Thousands of other companies, large and small, were established in the city in the early part of this century and from 1900 to 1920 growth continued to be very rapid.

With the expansion of factories which gave the city a very diversified economic base there came a steady influx of immigrants—Poles, Latvians, Irish, Greeks and others. Thus, to-day Chicago is the second largest Polish city in the world and only Athens houses more Greeks. These immigrants established themselves in their own neighbourhoods, where until very recently they largely stayed. This gave the city a stability that has served it well, and the stability was a major reason why the city's political machine was able to get and keep its hold on Chicago.

But in the past 20 years this stability has come under great pressure. The city has seen another great influx of immigrants—this time of Blacks from the south of the U.S. who poured north in the 1950s and 1960s in one of the greatest migrations in American history. Simultaneously the enormous growth of the American market and the tendency towards larger and larger industrial units began to have its effect on the parts of the city where growth should be encouraged. Chicago is already able to match the facilities for job

obsolete, the stockyards where the cattle from the Great Plains State in the union on the shore were shut down and vast areas were brought to market others—particularly those in the Sunbelt—it has kept a high supply of water and energy and high income residential, deserted buildings can offer both cheaper than other U.S. cities and many of its competitors.

Chicago is also criss-crossed by a system of motorways which were Mayor Daley's great pride. Although they have cut a further out, but also being made to offer companies that may want to invest in Chicago. To begin with, the city is now and the airlines also begin to converge on Chicago. These still at the heart of the nation's transport network. O'Hare Airport, which processes 41m. people a year, is the largest in the world and almost equidistant from the east coast and the west. Equally important, now that the telephone plays such a large part in binding American corporate operations together, is the fact that Chicago is extremely well-connected in terms of telephone facilities to the rest of the country.

It was a combination of these and other advantages, for instance, which persuaded the FMC Corporation, a diversified producer of agricultural machinery, food processing equipment and other machinery, to move its corporate headquarters to Chicago from California only a few years ago. It is a move that the company will be easier to attract new white-collar jobs to begin with in lure large corporations who still have trouble to adjusting to the idea of investing "inside" one of America's large cities. Over half a million people now work inside Chicago's central "loop" area, and the city is becoming the nation's second financial centre able to offer almost everything that New York can, including a very efficient commuter network that links the suburbs to the city.

The city has ambitious redevelopment plans for the area just outside the loop which was once a centre for small independent manufacturing companies that have since closed or been relocated. Earlier this month ground was broken on the start of a new project—Dearborn Park—which will effectively be a new town inside the city and will attract high income professional people from the parts of the city where growth should be encouraged.

Chicago is already able to match the facilities for job

Chicago's attitude is that many of its competitors have always been in the Sunbelt—it has kept a high supply of water and energy and high income residential, deserted buildings can offer both cheaper than other U.S. cities and many of its competitors.

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Chicago is already able to match the facilities for job

The photographs in this Survey were taken by Ashley Ashwood.

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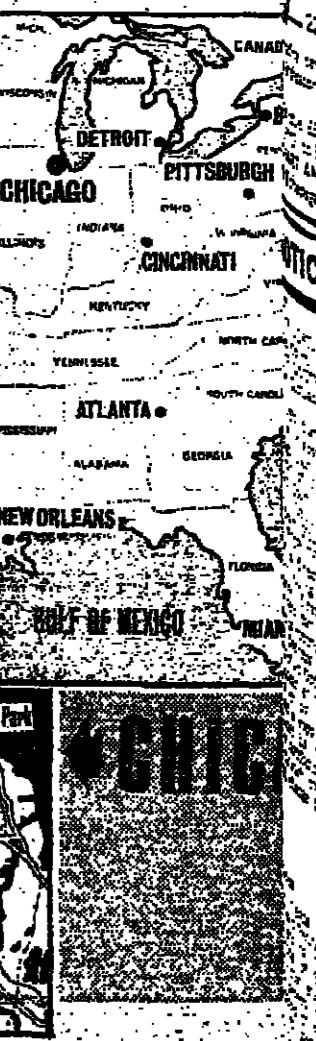
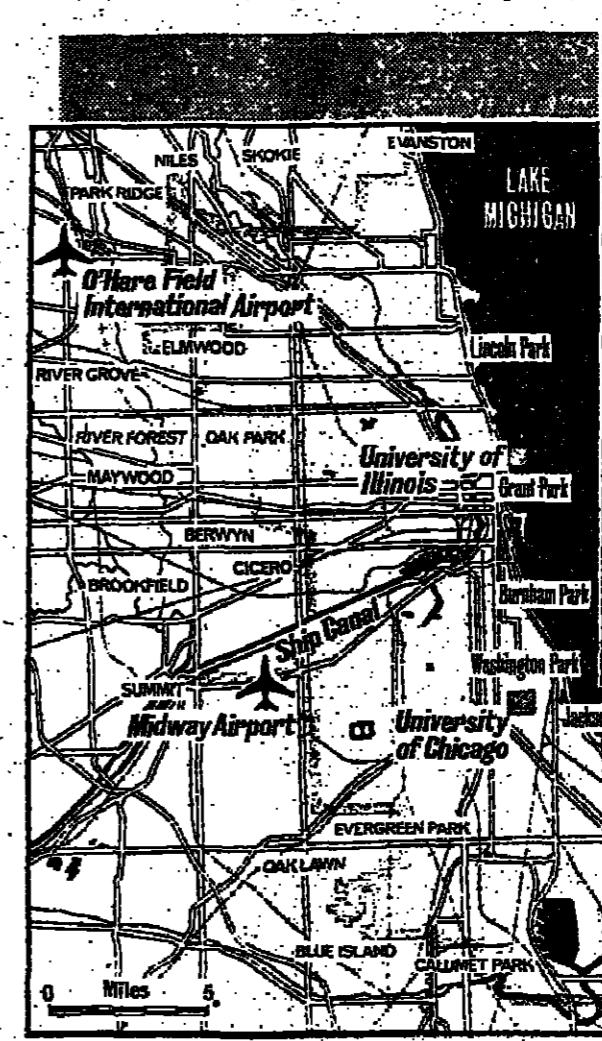


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## STOCK EXCHANGE REPORT

# Markets lifted by Bank of England's move on sterling

## Index up 4.4 at 434.5 after 426.4—Gilt gains to £1 1/2

## Account Dealing Dates

First Declarer—Last Account Dealing Dates Day July 11 July 21 Aug. 2 July 25 Aug. 4 Aug. 16 Aug. 8 Aug. 18 Aug. 19 Aug. 31

"New firms" dealings may take place from 9.30 a.m. on business days earlier.

Stock markets were featured yesterday by marked strength in British Funds and an early afternoon turnaround from previous dullness to firm conditions in equities. The changed tack in markets directly followed evidence, which came at about 1 p.m., of the Bank of England's newly-adopted tactic in its activities in the foreign exchange market by loosening the tie between sterling and the U.S. dollar in fixing more conforming to the rates of other major currencies. The move did nothing to dispel current unease over the future levels of wages and inflation—the market's main areas of concern—but yesterday's sharp rise in the sterling/dollar rate encouraged buying of Gilt-edged, which ended with widespread rises to 14. The Government Securities Index, up 0.66 at 624.9, had its highest single-day rise since June 10.

The equity leaders continued Tuesday's dullness during the morning, prices drifting gently lower on lack of interest. Down 1.6 at 10 a.m., the FT Industrial Ordinary share index was at its lowest of the day at 11.0, with a loss of 3.7; an hour later, there was a slight turnaround with a rise of 4.4 at the close of 424.5. The sudden change in sentiment was accompanied by much confusion and to a scrambling to cover short positions, but this broadened into some genuine buying as prices, taking their lead from Gilt-edged, went progressively harder. Closings prices were a shade below the best, places followed reports of the early return of the Wall Street and final gains in the index constituents rarely exceeded 2, but Beecham were prominent at 422p, up 8 on hopes that the company, in connection with its take-over of the American Calzen Group, may raise its dividend by more than its statutory amount.

The current speculative favourites were pushed into the background, but company trading stocks, generally, found pockets of interest while the bid front was enlivened by the announcement of the long-awaited bid for Gallerenkamp and the offer for Mono Containers.

## Gilt's strong

Difficult trading conditions developed in Gilt-edged when the Bank of England's changed method of dealing in the foreign exchange market became evident at about 1 p.m. Slightly easier ahead of the knowledge, short-dated issues immediately became better and advanced progressively, policy and finally closed a net 2 pence improvement to 2 to close with rises ranging to better at 383p. Elsewhere in 219p but L. Gardner fell 6 to 349p,

as in the high-coupon Exchequer 124 per cent, 1981, and Treasury 10 per cent, 1982, at 108s, and 111s respectively.

Exchequer 93 per cent, 1982, due to become a short in September, put up further to 260p, while the 150-pd Treasury 114 per cent, 1982, tap stock traded up to 261 to end with a rise of 14.

The irredeemables closed with gains of 1 to 1 with War Loan 31 per cent putting on the latter amount to 281.

Corporations made no move to follow the main Funds and showed only scattered rises of about 1.

Asian Foreign Bonds, 14 per cent, 1910, Assembled rose 4 more to a 1977 high of 274.

In recently-issued Fixed Interest Stocks, Colne Valley Water 8 per cent, Preference 1984, ranged from 9 and the close of 84 when dealings started yesterday in the 150-pd stock which was issued at 98.

After opening firmer at 114s per cent, the rate for investment currency turned abruptly lower on arbitrage offerings to touch 113 per cent. Then news of the Bank of England's decision to no longer pay sterling to the dollar saw a further decline of 15, to 112s 4 per cent, when it closed at 84.

Despite revealing first-quarter

Chemicals, Lankro declined 4 to a 1977 low of 88p following the chairman's warning on profits.

Martin Ford good

Secondary issues provided the main features in the Stores sector yesterday. Martin Ford were outstanding at 270, up 6, following a bout of speculative buying. Albion, on the other hand, fell 3 to 60 on the poor first-half figures and Customage receded 14 to 80 on the passing of the final dividend and trading loss. Elsewhere, the leaders were quietly firm with W. H. Smith 5 1/2 harder at 545p and Gussies 4 higher at 226p.

Metropolitan mirrored the general

after 345p, on receding hopes of a similar reason. Hollis Bros. rose 3 to 54p. Reflecting North Sea interests, Cawoods, 125p, and I.C. Gas, 40p, advanced 4 and 10 respectively. Charringtons hardened 1 more to 62p on the preliminary figures. Other Foods were generally better where changed. J. Bibby remained in demand, improving 3 more to 135p on fresh speculative interest. Tate and Lyle ended 2 harder at 16p, while Reweats Mackintosh, 278p, and Joseph Stocks, 118p, were 1 to 1 with War Loan 31 per cent putting on the latter amount to 281.

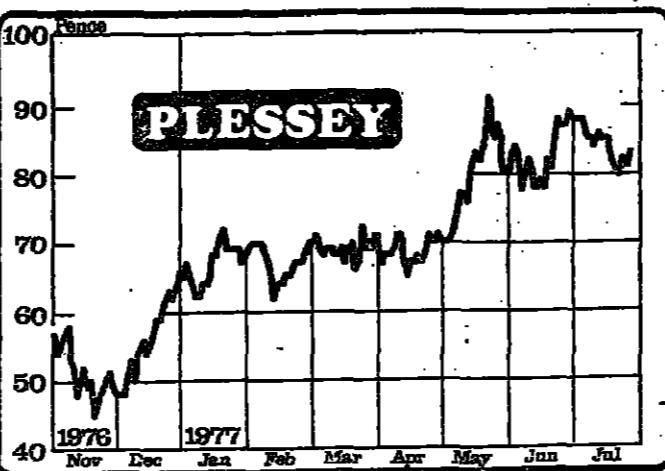
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Despite revealing first-quarter



profits slightly in excess of market expectations. Plessey were a shade easier at 85p in early dealings, but rallied later to close a net 2 up at 88p. Following Tuesday's fall of 5, EMI gave further ground to 265p on reports that a large line of shares had been placed outside of the market; however, the shares picked up well later to close 3 up at 212p. GEC also made a small rally, to 189p up 3. Among second-line, were 3 harder at 350p, after 345p.

Small irregular price movements were the order of the day in Building. Taylor Woodrow closed 2 easier at 350p, after 345p, on further consideration of the interim profits, while Tarmac shed 3 to 160p. Norwest Hoses at 71p, held on to the previous day's

speculative rise of 8 which followed hopes that a bid had been

made for the company, the disclosure that Metropolis Developments, a Lancashire-based concern, had acquired a 24 per cent. interest in the company for 100p.

Redland picked up late to close unaltered at 101p, after 33p and Tubes 2 harder at 383p, after 382p. Elsewhere, following business transacted late on Tuesday, Tex Abrasives opened 4 higher at 53p and remained at that level all day, while Westland found support at 45p, up 3.

Comment on the results helped to improve 2 to 219p but L. Gardner fell 6 to 349p,

market trend and closed 1 better at 721p, after 70p.

Gallenkamp bid

The protracted talks between

Fisons and Gallenkamp culminated yesterday morning in the announcement of an agreed bid by Fisons for Gallenkamp worth 322p per share; the latter

jumped ahead to 355p but reacted to 340p for a net gain of 20, in sympathy with a loss of 10 to 310p in Fisons. Gallenkamp's Convertible Loan put on 17 points to 163p. A late move on the old front was a 28p cash offer from Polysar, Saris, Canada, for 100p.

Contractors, which were

adjusted upwards by 8 to 25p,

the latter's Preference were marked up 16 to 50p on the 52p cash offer. Of the miscellaneous Industrial leaders, Beecham

closed strongly at 422p, up 8, on

hopes of an increase in the dividend above the 10 per cent limit

owing to the company's recent

large U.S. acquisition. De La Rue responded to the chairman's encouraging statement with a rise of 14 to 50p, while leaders to

improve by around 4 included

Red, 172p, Glaxo, 59p, and Pitkington, 39p. Macarthy's Pharmaceuticals gained 3 to 76p on with Legat and General involving

the rise in profits while, for a

fall of 10p.

Properties made a firm showing yesterday, sentiment being aided by a recommendation in a broker's circular. Land Securities

gained 4 to 175p, as did MEPC

4 to 175p, and Hammerson Estate 5 to 145p. A late move on the old front was a 28p cash offer from

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Press comment ahead of today's preliminary figures directed attention to Imcicap which ended 2 to 415p. J. E. Sanger contrasted a rise of a penny to 24p with a rise of 10p to 26p on the following Press comment on the results, while small buying in a thin market lifted Jamaica Sugar 2 to 20p.

Although looking better in the late trade, Investment Trusts still closed with a fairly lengthy list of

small gains.

Press comment on the interim report helped B.A.T. Industries, the Ordinary and Deferred putting on 4 and 5 respectively at 252p and 222p.

Following Tuesday's confirmation of a bid approach, Assam Frontier improved refresh to a 1977 peak of 290p before closing 5 better on the day at 275p.

Quiet Mines

Although the Gold Mines Index registered a loss of 0.4 at 119.5, the underlying tone was steady and falls mainly reflected the decline in the investment currency premium following the sharp fall in the U.S. dollar.

The share market opened a shade easier owing to the overall decline in the bullion price in transatlantic markets, but subsequently buying orders from most quarters, and in particular the Cape, enabled prices to recover and in one or two cases to show small gains.

West. Rand Consolidated was the subject of persistent Cape buying, with a 10p gain to 140p, while Free State Steel Sasolhardened 3 to 96p. Those issues to lose ground followed Blyvoor, 6 down at 237p and Harmony, which fell a similar amount to 313p.

Of the heavyweight uranium/gold producers, Vaal Steel recovered from 283 to 304, but Randfontein recovered from 283 to 304, on the subject of persistent Cape buying, with a 10p gain to 140p, while Free State Steel Sasolhardened 3 to 96p. Those issues to lose ground followed Blyvoor, 6 down at 237p and Harmony, which fell a similar amount to 313p.

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strongly, with a 26p gain to 241.5.

Australians continued to lose ground, reflecting the further weakness in overnight domestic markets. Hampton Areas, however, hardened to 30p following the chairman's optimistic statement.

Timex were again firmer, but

business was only steady. Among the other 5 to equal their 1977 high of 300p, while Saint Piran put on

2 to a high of 35p.

## FINANCIAL TIMES STOCK IND

	July 27	July 26	July 25	July 24	July 23
Government Secs	57.91	57.32	57.37	56.88	56.88
Fixed Interest	68.15	67.95	67.89	67.71	67.71
Industrial Ordinary	434.5	430.1	437.2	433.9	433.9
Gold Mines	119.4	119.8	119.6	117.8	117.8
Ord. Div. Yield	5.52	5.56	5.49	5.53	5.51
Bearings (Flagstaff)*	16.45	16.60	16.38	16.48	16.48
PRB Ratio (per cent)*	8.76	8.79	8.84	8.79	8.79
Dealing marked	4,932	4,141	4,126	4,619	4,619
Gilt/yen/timer fm	8.05	8.05	8.05	8.05	8.05
Equity earnings total	11,230	14,449	14,040	14,040	14,040

\* 19.4m. 20.1m. 21.1m. 21.2m. 21.2m.

\*\* Based on 31 per cent corporation tax. NH=NL

\*\* Mains 12/4.0. SE Active 1/12/2. Fixed int. 1/12. Int. Ord.

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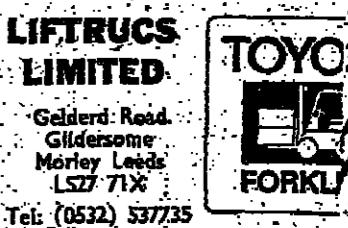






# FINANCIAL TIMES

Thursday July 28 1977



## State industries 'no' to policy councils

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

EVERY MAJOR nationalised industry has told the Government it opposes ideas put forward late last year by the National Economic Development Office for State-owned industries to be run by policy councils of civil servants, trade unionists, consumer representatives and senior managers.

This emerges from a report published last night by the Select Committee on Nationalised Industries.

It means a White Paper on the subject, which the Treasury is expected to publish in November, is unlikely to adopt any blanket solution for reforming the relationships between the industries and their sponsoring Government departments.

### Discussed

Progress on the preparation of the White Paper was discussed yesterday at a meeting between the Chancellor of the Exchequer and chairmen of the nationalised industries.

They were also urged to keep their industries' pay negotiations within the guidelines of 10 per cent. overall increases and 12-month gaps between deals advocated by the Government.

The NEDO report was prepared under the chairmanship of Sir Ronald McIntosh, director general of the NEDO which was invited last night by the Select Committee to prepare a reply

### Bullock talks to continue

The Government is expected to announce to-day that consultations with both sides of industry on the Bullock Report are to continue. This means that a White Paper will not be published until the autumn. The delay avoids the risk of heavy criticism and perhaps rejection of Government policy by the TUC annual Congress in September.

### Second Thought Page 20

council as part of a two-tier top Board structure.

Major points raised include allegations that it would create a new and distant tier of authority, that it would blur relationships with the Government as the industries' shareholder, and that it would create pointless, confusing and cumbersome management systems.

The Post Office (which was last week recommended by the Carter Report to set up a top-level advisory council) suggests it would be difficult to find a role for the policy council in between the major strategic decisions taken by the Government and the executive decisions which the NEDO report said should be the function of a lower level corporation Board.

The proposal would thus be likely to confuse areas of responsibility and elongate a decision-taking process that is already over-long," said the Post Office.

### Animosity

British Airways thought the council would be a "fertile source of discord and animosity" while the National Coal Board did not want to institutionalise a national tripartite committee of Government, management and trade union representatives which it already operates.

The Electricity Council thought the idea "pointless and confusing". The British Steel Corporation objected to a NEDO proposal that the president of the corporation should not be the chairman of the corporation Board.

Second Special Report from the Select Committee on Nationalised Industries, Session 1976-77. Comments by Nationalised Industries on the NEDO Report. SO. Price £1.10p.

## Companies will be asked for inflation details

BY MICHAEL LAFFERTY, CITY STAFF

BIG COMPANIES will soon be its secretariat will also service the new Hyde group.

The new guidelines should be available by November, but will not have the status of an accounting standard. This is because of the recent chartered accountants' vote against making any system of current cost accounting compulsory.

However, the standards committee's statement of intent yesterday said that after appropriate consultations, it would "seek with Stock Exchange, CBI and Government support, means whereby at least all major companies can be encouraged to adopt the proposals in their next published accounts."

The move comes after the collapse of the earlier current cost accounting proposals prepared by the Inflation Accounting Steering group, chaired by Mr. Douglas Mepeth.

The guidelines will ask companies to give supplementary figures showing the impact of inflation on their conventional profits, but will also deal with the controversial area of monetary items.

### Complete system

The new group will be chaired by Mr. William Hyde, a leading member of the standards board and chief accountant of Oxford University. Its other four members comprise two representatives from the Morpeth group and two members of the standards committee, one of whom is Mr. Tom Watts, a senior partner in Price Waterhouse.

The Morpeth steering group, which is partly Government-financed, is to continue work on the development of a complete and workable system of inflation accounting for "issue as an accounting standard. However, the group's work is to be completed by the August banking month, and none for the following month, as the new system is to be introduced in January.

"We consider that an approved method of calculating allowances for depreciation of fixed assets and for the current value of materials used is urgently needed if profits are to be realistically stated," a statement said.

"We should not wish controversy on monetary items to delay achievement of the other adjustments, and consider that companies should be free to deal with this matter in the way they judge right in the circumstances."

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"Little funding has yet been completed for the August banking month, and none for the following month, as the new system is to be introduced in January.

The situation in Japan is thus different from that which confronted Nissan and Toyota when they began their export offensive in the UK and other European countries. It was relatively easy, at least in Britain, for Japanese exporters to acquire distributors.

### Nationwide

Honda said to-day that it hoped to start importing the Cortina, which has already passed Japanese tests) by September. The Fiesta, which still has to be put through the tests, may not start to come into Japan until next year.

The cars will be distributed by 100 of Honda's sub-dealers throughout Japan. This is not, of course, the full Honda dealer network, but nevertheless will give the two cars a bigger nationwide coverage than that enjoyed (level of sales) will be different by any imported cars except enough to avoid any clash.

## EEC issues Stock Markets code

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EUROPEAN Commission took its first modest step to-day towards aligning stock market practices throughout the Community by publishing a voluntary code of conduct laying down broad principles to be applied to securities transactions.

Although it is not legally binding, the code is intended to stimulate closer co-operation between securities market-parties and regulatory bodies in different countries. It is hoped that this will lead eventually to the establishment of a "European ethic" of stock market practices.

The Commission has asked each of the nine member states to designate a watchdog authority to monitor interpretation and observance of the code. It is envisaged that representatives of these national authorities will meet regularly in a special co-ordinating committee.

The Commission notes that most of the principles laid down

## British Shipbuilders wins more orders

BY ROY ROGERS, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has won further orders worth about £12m. for three AS300 container ships. These vessels appear to be becoming a highly successful entry for the newly-nationalised industry.

The new orders, from Ellerman City Line, which has an option on another vessel, take the total of AS300s on order to seven. They come just three days after news that Furness Withy has ordered two AS300s. Ellerman started the ball rolling by placing two orders last year.

According to Mr. Michael Casey, chief executive, British Shipbuilders is talking to several shipowners about a range of ships. The AS300 is interesting in a number of them.

There was a lot of interest abroad. Some foreign shipyards were keen to build the 1,399 gross tons, cellular, containerships under licence, but he was against entering into any such agreement, which might deprive the British industry of work.

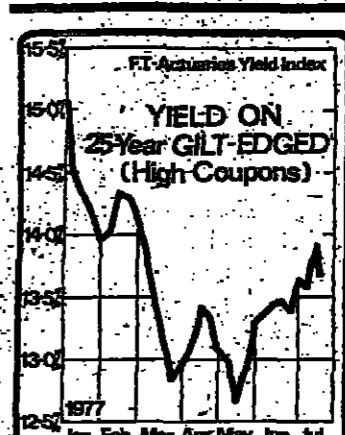
Completion is being withheld pending union agreement to eliminate overmanning and restrictive practices in the yards in London and Falmouth.

Mr. Casey said a marketing team would travel to Poland next week to finalise terms for the

## THE LEX COLUMN

# Sterling leads the market upwards

Index rose 4.4 to 434.5



Whether or not the UK authorities were tipped off in advance about the record \$2.5bn. U.S. trade deficit for June, it can be no coincidence that the Bank of England finally cut sterling loose from the dollar an hour or two before the news came out. As sterling bounded ahead by nearly two cents and swiftly recovered the July fall in the trade weighted index from 61.3 to 66.6 up till Tuesday, the stock market moved sharply higher. In gilt, where gains stretched to over 2 per cent., demand was buoyant enough for the Government Broker to get his 1981 plan paid off operational again at 26.5, just above the figure at which it was last activated. And between lunchtime and the close the FT 30-Share Index achieved a turnaround of eight points.

The Bank is anxious to point out that it has not been suddenly converted to the international monetarist school of thought.

Sterling is not to float freely; it is simply being unpinned from a weak dollar. All the same,

there is immediate relief from the threat of monetary instability which has been hovering over the gilt-edged market for some weeks.

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